

# **JAPPAUL GOLD & VENTURES PLC**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
31 DECEMBER 2023**

# JAPPAUL GOLD & VENTURES PLC

## CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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# JAPPAUL GOLD & VENTURES PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

In accordance with the provisions of Companies and Allied Matters Act, 2020, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of the consolidated and separate financial statements which give a true and fair view of the state of affairs of the Group and Company, and of the financial performance for the year. The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities;
- (b) the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which ensure that the consolidated and separate financial statements comply with requirements of International Financial Reporting Standards and the Companies and Allied Matters Act 2020 and the Financial Reporting Council Act No. 6, 2011.
- (c) the Group and the Company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- (d) it is appropriate for the consolidated and separate financial statements to be prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020 and the Financial Reporting Council Act No. 6, 2011.

The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Company and of the financial performance for the year.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated and separate financial statements, as well as adequate systems of financial control.

Signed on behalf of the Directors by:



**Paul A. Jegede**  
Chairman  
FRC/2013/IODN/00000002328

**Dated: 28 March, 2024**



**Akinloye Daniel Oladapo**  
Group Managing Director  
FRC/2016/CIS/00000014722

**Dated: 28 March, 2024**

**Independent Auditor's Report****To the Members of Japaul Gold & Ventures Plc****Opinion**

We have audited the consolidated and separate financial statements of Japaul Gold & Ventures Plc and its subsidiaries (the Group), which comprise the consolidated and separate statement of financial position at 31 December 2023, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group at 31 December 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, and in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act, No. 42, 2023 (as amended) and with the requirements of the Companies and Allied Matters Act 2020.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2.3 in the financial statements, which indicates that the Group incurred a net loss of N674 million at 31 December 2023, and as of that date, the Group's current liabilities exceeded its current assets by N3.90 billion (2022: N4.3 billion). These resulted in a negative shareholders' fund of N800 million (2022: N126 million) and N3.2 billion (2022: N2.82 billion) for the Group and the Company respectively. As stated in Note 2.3, these events or conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The following summarises how the matter was addressed in the audit:

- We checked adverse market conditions, trends and events and also performed other risk assessment procedures to identify any adverse events or conditions.
- We asked management whether they have identified any events or conditions that may cast significant doubts on the Group's ability to continue as a going concern.
- We reviewed all court cases against the Group in order to obtain reasonable assurance that no litigation threatens the going concern of the Group either by suppliers, government, customers employees aggrieved third parties or shareholder of the Group.
- We reviewed minute of board meetings held for all the quarters in the reporting period to assess any issues that could border on regulatory or legal challenges as it relates to the going concern of the Group.
- We obtained assurance from management that significant accounting and reporting judgments are supported by a degree of rigor and analysis appropriate to the circumstances of the Group.



### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matter	How the matters were addressed in the audit
<p><b>Going concern assessment</b></p> <p>The group has consistently made loss resulting from huge direct costs (fixed cost) during the year. While the direct cost was N1.5 billion for the Group and N1.1 billion for the company, the resultant revenue was N2.58 billion for the Group and N2.34 billion for the company. The Group had a negative working capital of N3.9 billion and the company had an negative working capital of N4.6 billion which resulted in negative shareholders' fund for the Group of N800 million and for the Company of N3.2 billion.</p>	<ul style="list-style-type: none"> <li>• We performed detailed going concern consideration of the group.</li> <li>• Reviewed going concern assessment prepared by management.</li> <li>• We spent considerable time in assessing the appropriateness of the management assumptions on the going concern.</li> <li>• Reviewed management plans to recapitalize the group by obtaining their going concern assessment and plans of the Group to remain a going concern.</li> </ul>
<p><b>d) Impairment of trade receivables - Expected Credit Loss (ECL) assessment on financial assets</b></p> <p>The determination of the impairment charge for trade receivables requires the assessment of Expected Credit Loss Model (ECL) using the simplified approach on recoverable amounts in line with IFRS 9.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs which are derived from historical records obtained within and outside the company in formulating the financial model. The model also requires assumptions in the estimation of forward looking macro-economic variables in computing the Probability of Default (PD).</p> <p>Due to significance of the financial assets and the related estimation uncertainty, this is considered a key audit matter.</p>	<p>We focused our testing of impairment on the assumption made by management and in line with IFRS 9, Expected Credit Loss Model (ECL).</p> <p>Our audit procedures include, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Performed an independent review of the impairment calculation and considered all assumptions used in the impairment model and evaluated whether the model complies with the requirements of IFRS 9.</li> <li>• Reviewed the age analysis of debtors and controls put in place by management on the recoverability of receivables that have been long over due.</li> <li>• Reviewed other areas of macro-economic variables such as inflation rates, exchange rate, Gross Domestic Products (GDP).</li> <li>• Confirmed that appropriate disclosures were made in accordance with the entity's accounting policies and applicable financial framework.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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



### **Responsibilities of the Directors and Those Charged with Governance for the consolidated and separate Financial Statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No. 42, 2023 (as amended) and the requirements of the Companies and Allied Matters Act 2020, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group'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 director's 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 Group'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 consolidated and separate 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 Audit Committee 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.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of the fifth schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge were necessary and useful for the purpose of our audit;
- ii) In our opinion, proper books of account have been kept by the Group and the Company in so far appears from our examination of those books;
- iii) The Group and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



**Olatunji Ogundeyin, FCA**  
**FRC/2013/ICAN/0000002224**  
For: **PKF Professional Services**  
**FRC/2023/COY/141906**  
Chartered Accountants  
Lagos, Nigeria  
**Dated: 28 March, 2024**






# JAPPAUL GOLD & VENTURES PLC

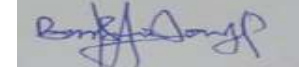
## CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	16	4,458,641	4,287,151	2,652,151	2,311,070
Right-of-use assets	17	4,250,000	4,500,000	4,250,000	4,500,000
Investment in subsidiaries	18	-	-	40,000	40,000
Investment in associates	19	-	-	-	-
Financial assets fair value through other comprehensive income	20	-	-	-	-
<b>Total non-current assets</b>		<b>8,708,641</b>	<b>8,787,151</b>	<b>6,942,151</b>	<b>6,851,070</b>
<b>Current assets</b>					
Inventories	21	-	-	-	-
Trade and other receivables	22	5,471,345	4,404,035	2,932,459	1,915,975
Cash and bank balances	23	136,149	5,883	16,234	5,250
<b>Total current assets</b>		<b>5,607,494</b>	<b>4,409,918</b>	<b>2,948,693</b>	<b>1,921,225</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Bank overdrafts	23.1	-	11,561	-	-
Trade and other payables	24	5,895,916	5,762,425	4,285,716	4,435,627
Defined contribution plan	25	186,344	187,863	129,275	132,272
Borrowings	26	3,096,726	1,469,662	3,096,726	1,469,662
Lease liability	27	-	1,000,000	-	-
Current income tax liability	14.2	330,880	284,359	74,330	29,125
<b>Total current liabilities</b>		<b>9,509,866</b>	<b>8,715,870</b>	<b>7,586,047</b>	<b>6,066,686</b>
<b>Net current liabilities</b>		<b>(3,902,372)</b>	<b>(4,305,952)</b>	<b>(4,637,354)</b>	<b>(4,145,461)</b>
<b>Non-current liabilities</b>					
Defined benefit plan	25	72,621	73,507	42,516	43,402
Lease liability	27	4,567,750	3,567,750	4,567,750	4,567,750
Deferred tax liability	14.4	966,376	966,376	909,886	909,886
<b>Total non-current liabilities</b>		<b>5,606,747</b>	<b>4,607,633</b>	<b>5,520,152</b>	<b>5,521,038</b>
<b>Net liabilities</b>		<b>(800,478)</b>	<b>(126,434)</b>	<b>(3,215,354)</b>	<b>(2,815,429)</b>
<b>Equity</b>					
Share capital	28.2	3,131,350	3,131,350	3,131,350	3,131,350
Share premium	28.3	16,440,679	16,440,679	16,440,679	16,440,679
Loss sustained	28.4	(20,372,312)	(19,698,268)	(22,787,361)	(22,387,436)
Remeasurement reserve	28.5	(195)	(195)	(22)	(22)
<b>Total equity</b>		<b>(800,478)</b>	<b>(126,434)</b>	<b>(3,215,354)</b>	<b>(2,815,429)</b>

The consolidated and separate financial statements were approved by the Board of Directors and authorised for issue on **28 March 2024** and signed on its behalf by:

  
**Paul A. Jegede**  
Chairman  
FRC/2013/IODN/00000002328

  
**Akinloye Daniel Oladapo**  
Group Managing Director  
FRC/2016/CIS/00000014722

  
**Makinde Sunday A.**  
Ag. Chief Financial Officer  
FRC/2022/PRO/ICAN/001/890630

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



# JAPPAUL GOLD & VENTURES PLC

## CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>Continuing operations</b>					
Revenue	9.1	2,577,965	1,360,538	2,346,439	1,186,676
Direct costs	10	<u>(1,518,983)</u>	<u>(1,285,874)</u>	<u>(1,123,034)</u>	<u>(1,025,920)</u>
<b>Gross profit</b>		<b>1,058,982</b>	74,664	<b>1,223,405</b>	160,756
Other income	11	136,356	530,706	127,711	454,447
Administrative expenses	12	<u>(575,969)</u>	<u>(413,807)</u>	<u>(461,595)</u>	<u>(9,335,543)</u>
<b>Operating Profit/(loss)</b>		<b>619,369</b>	191,563	<b>889,521</b>	(8,720,340)
Net finance costs	13.2	<u>(1,241,391)</u>	-	<u>(1,241,391)</u>	-
<b>(Loss)/profit before taxation</b>		<b>(622,022)</b>	191,563	<b>(351,870)</b>	(8,720,340)
Income tax expense	14.1	<u>(52,022)</u>	<u>(35,581)</u>	<u>(48,055)</u>	<u>(12,704)</u>
<b>(Loss)/profit from continuing operations</b>		<b>(674,044)</b>	155,982	<b>(399,925)</b>	(8,733,044)
<b>Discontinued operations</b>					
Foreign currency translation derecognised		-	-	-	-
<b>(Loss)/profit for the year</b>		<b>(674,044)</b>	155,982	<b>(399,925)</b>	<b>(8,733,044)</b>
<b>(Loss)/profit for the year attributable to:</b>					
Owners of the Company		<u>(674,044)</u>	155,982	<u>(399,925)</u>	(8,733,044)
Non-controlling interest		-	-	-	-
		<u><b>(674,044)</b></u>	<u>155,982</u>	<u><b>(399,925)</b></u>	<u>(8,733,044)</u>
<b>Other comprehensive Income/(loss)</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange difference on translation of foreign operations		-	-	-	-
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Fair value (loss)/gain on investment-FVTOCI		-	-	-	(1,921)
<b>Loss</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,921)</u>
<b>Total comprehensive (loss)/profit for the year</b>		<u><b>(674,044)</b></u>	<u>155,982</u>	<u><b>(399,925)</b></u>	<u>(8,734,965)</u>
<b>Total comprehensive (loss)/profit attributable to:</b>					
Owners of the parents		<u>(674,044)</u>	155,982	<u>(399,925)</u>	(8,734,965)
Non-controlling interest		-	-	-	-
		<u><b>(674,044)</b></u>	<u>155,982</u>	<u><b>(399,925)</b></u>	<u>(8,734,965)</u>
<b>(Loss)/earning per share</b>	15	<u><b>(11)</b></u>	<u>2</u>	<u><b>(6)</b></u>	<u>(139)</u>

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

# JAPPAUL GOLD & VENTURES PLC

## CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Group	Attributable to owners of the Company							Total equity N'000
	Share capital N'000	Share premium N'000	Loss sustained N'000	Re- measurement reserve N'000	Fair value reserve N'000	Foreign exchange reserve N'000	Non- controlling interest N'000	
At 1 January 2022	<b>3,131,350</b>	<b>16,440,679</b>	<b>(19,854,250)</b>	<b>(195)</b>	-	-	-	<b>(282,416)</b>
<b>Changes in equity for 2022:</b>								
Profit for the year	-	-	155,982	-	-	-	-	155,982
<b>Other comprehensive income</b>								
Fair value gain on investment-FVTOCI	-	-	-	-	-	-	-	-
Exchange loss on foreign operations	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	<b>155,982</b>	-	-	-	-	<b>155,982</b>
<b>Transactions with owners, recorded directly in equity</b>								
Transfer of fair value reserve of equity investment at fair value through other comprehensive income	-	-	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>3,131,350</b>	<b>16,440,679</b>	<b>(19,698,268)</b>	<b>(195)</b>	-	-	-	<b>(126,434)</b>
<b>At 1 January 2023</b>	<b>3,131,350</b>	<b>16,440,679</b>	<b>(19,698,268)</b>	<b>(195)</b>	-	-	-	<b>(126,434)</b>
<b>Changes in equity for 2023:</b>								
Loss for the year	-	-	(674,044)	-	-	-	-	(674,044)
<b>Other comprehensive income</b>								
Fair value loss on investment - FVTOCI	-	-	-	-	-	-	-	-
Exchange loss on foreign operations	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<b>(674,044)</b>	-	-	-	-	<b>(674,044)</b>
<b>Transactions with owners, recorded directly in equity</b>								
Transfer of fair value reserve of equity investment at fair value through other comprehensive income	-	-	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>3,131,350</b>	<b>16,440,679</b>	<b>(20,372,312)</b>	<b>(195)</b>	-	-	-	<b>(800,478)</b>

# JAPPAUL GOLD & VENTURES PLC

## CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Company	Attributable to owners of the Company				Fair value reserve N'000	Foreign exchange reserve N'000	Total equity N'000
	Issued share capital N'000	Share premium N'000	Loss sustained N'000	Re-measurement reserve N'000			
At 1 January 2022	3,131,350	16,440,679	(13,654,392)	(22)	-	-	5,917,615
<b>Changes in equity for 2022:</b>							
Loss for the year	-	-	(8,733,044)	-	-	-	(8,733,044)
<b>Other comprehensive income</b>							
Fair value loss on investment - FVTOCI	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	<b>(8,733,044)</b>	-	-	-	<b>(8,733,044)</b>
<b>Transactions with owners, recorded directly in equity</b>							
<b>Transfer of fair value reserve of equity investment at fair value through other comprehensive income</b>							
Dividends paid in the year	-	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>3,131,350</b>	<b>16,440,679</b>	<b>(22,387,436)</b>	<b>(22)</b>	<b>-</b>	<b>-</b>	<b>(2,815,429)</b>
At 1 January 2023	3,131,350	16,440,679	(22,387,436)	(22)	-	-	(2,815,429)
<b>Changes in equity for 2023:</b>							
Loss for the year	-	-	(399,925)	-	-	-	(399,925)
<b>Other comprehensive income</b>							
Fair value loss on investment - FVTOCI	-	-	-	-	-	-	-
<b>Total comprehensive profit for the year</b>	-	-	<b>(399,925)</b>	-	-	-	<b>(399,925)</b>
<b>Transactions with owners, recorded directly in equity</b>							
<b>Transfer of fair value reserve of equity investment at fair value through other comprehensive income</b>							
Dividends paid in the year	-	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>3,131,350</b>	<b>16,440,679</b>	<b>(22,787,361)</b>	<b>(22)</b>	<b>-</b>	<b>-</b>	<b>(3,215,354)</b>



# JAPPAUL GOLD & VENTURES PLC

## CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Group		Company	
		2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>Cash flows from operating activities</b>					
Cash receipts from customers		1,647,010	1,317,287	1,457,666	10,210,017
Payment to suppliers and employees		(1,423,810)	(1,245,042)	(1,365,844)	(10,046,056)
<b>Cash generated from operations</b>		<b>223,200</b>	<b>72,245</b>	<b>91,822</b>	<b>163,961</b>
Payment for employee benefit obligations	27.1	(15,588)	(24,507)	(14,404)	(25,682)
Current income tax paid	16.2	(5,501)	-	(2,850)	-
<b>Net cash from operating activities</b>	31	<b>202,111</b>	<b>47,738</b>	<b>74,568</b>	<b>138,279</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	18.1	(454,106)	(282,004)	(454,106)	(282,005)
Proceed on disposal of property, plant and equipment	13.3	8,149	211,301	4,849	143,200
<b>Net cash used in investing activities</b>		<b>(445,957)</b>	<b>(70,703)</b>	<b>(449,257)</b>	<b>(138,805)</b>
<b>Cash flows from financing activities</b>					
Borrowings	26	385,673	-	385,673	-
Overdraft		(11,561)	11,561	-	-
<b>Net cash from financing activities</b>		<b>374,112</b>	<b>11,561</b>	<b>385,673</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
Cash and cash equivalents at 1 January		5,883	17,287	5,250	5,776
<b>Cash and cash equivalents at 31 December</b>	25	<b>136,149</b>	<b>5,883</b>	<b>16,234</b>	<b>5,250</b>

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

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 1. The Entity

#### 1.1. Legal form

Japaul Gold and Ventures Plc (formerly known as Japaul Oil & Maritime Services Plc) was incorporated on 29 June 1994 as a private limited liability company and commenced business in January 1997. Japaul Oil is in the business of oil and maritime services. The Company's shares were listed on the Nigerian Stock Exchange (NSE). As at year end, the Company has the following subsidiaries, namely:

Japaul Shipping & Offshore Services Limited  
Japaul Mines & Products Limited  
Japaul Dredging Services Limited

The Registered office address of the company is Japaul House, Plot 8, Dr. Nurudeen Olowopopo Avenue, Central Business District (CBD), Agidingbi, Ikeja, Lagos, Nigeria.

#### 1.2. Principal activities

The principal activities of the group are engaging in oil and maritime services in the upstream segment of the oil and gas industry. The group's scope of operations covers the provision of offshore oilfield vessels, dredging activities in oil fields/locations, quarry services, maritime and logistics, oil flowlines/pipeline construction in swamps.

### 2. Basis of preparation

#### 2.1. Statement of compliance

The consolidated and separate financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB. Additional information required by local regulators has been included where appropriate.

The consolidated and separate financial statements comprise of the consolidated and separate statement of comprehensive income, the consolidated and separate statement of financial position, the consolidated and separate statement of changes in equity, the consolidated and separate statement of cashflows and notes to the consolidated and separate financial statements.

#### 2.2. Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets (liabilities) which were measured at fair value. The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses while the plan assets for defined benefit obligations are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the group's financial statements present the financial position and results fairly.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 2.3. Going concern considerations

The Group and company have suffered recurring losses after tax over the years. At 31 December 2023, the Group made a loss after tax of N674 million and the Company made a net loss after tax of N399.9 million (2022: N8.7 billion net loss) respectively. This resulted in accumulated losses at 31 December 2023 of N20.4 billion for the Group and N22.8 billion for the company (2022: N19.7 billion for the Group and 22.4 billion for the company) and as of that date, the Group's current liabilities exceeded its current assets by N3.9 billion (2022: N4.3 billion) and the Company's current liabilities exceeded its current assets by N4.6 billion (N4.1 billion). All these resulted in negative shareholders' fund of N800 million and N3.2 billion for the Group and the Company respectively. Consequently, the going concern basis of the Group is threatened, which has raised significant doubts over its ability to continue as a going concern.

However, the consolidated financial statements have been prepared on a going concern basis as the Directors have put some measures in place to address the situation.

The Group's continued existence as a going concern is dependent on the following:

- Arranging for private equity investment/funding (ongoing) upto \$20m; part of which will be used to resuscitate the subsidiaries and offset the companies loans.
- Sustaining and expanding our existing quarrying business;
- Refurbishing and upgrading of existing equipment for hiring purposes;
- Diversification into mechanized mining of solid minerals (ongoing).
- Sustaining and upgrading our recent efforts in land reclamation projects in Lekki and Ikoyi axis. The project is in excess of N25 billion.
- Crystalizing the upcoming reclamation project in Asaba, Delta State.
- Land reclamation project at rumuolumeni, Port Harcourt, Rivers State.

In spite of the uncertainty noticed in the financial statements as a result of the Shareholders fund being eroded due to revaluation of Quinn Mcgrath loan balance denominated in USD, the Company is in a position to wipe off this uncertainty in the nearest future, because the Company is currently engaged in a massive Dredging Contract worth over N30 billion in Lekki axis of Lagos State. This is a 2 years and 6months Contract of which over N3.5 billion has been done. This of course, will bring the Company back to profitability in no distant future

Given the following considerations described above, the Directors have a reasonable expectation that the Group will continue in operation for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements at 31 December 2023.

However, if the ongoing actions and plans as enumerated above did not yield the desired results, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

### 2.4. Functional and presentation currency

This consolidated and separate financial statements are presented in Naira, which is the Group's presentational currency. The consolidated and separate financial statements are presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the purpose of the consolidated and separate financial statements, the consolidated and separate results and financial position are expressed in Naira, which is the functional currency of the Group, and the presentational currency for the financial statements.



# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### **2.5. Basis of consolidation**

This consolidated and separate financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December, 2023.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using the same accounting policies.

All inter-group balances, transactions, dividends, unrealised gains on transactions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-group transactions are eliminated, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### **2.6 Changes in accounting policies and disclosures and Standards Issued**

#### **2.6.1 Changes in accounting policies and disclosures**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

Several standards amendments and interpretations apply for the first time in 2023 but did not have an impact on the financial statements of the Company.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

#### **2.6.2 Standards issued and effective before, on or after 1 January 2023**

##### **2.6.2a IFRS 17 Insurance contracts**

A comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

IFRS 17 is a comprehensive standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss, but are recognised directly on the statement of financial position.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 will have no impact on the Company, as it does not issue insurance contract.

### **2.6.2b Amendments to IAS 1 - Classification of liabilities as current or non-current**

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions' to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The effective date is 1 January 2022 (possibly deferred to 1 January 2023).

The impact of this amendment on the Company financial statements is currently under assessment.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### **2.6.2c Amendments to IAS 16 - Proceeds before intended use**

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted. It amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The Company does not expect these amendments to have impact on its financial statements when it becomes effective.

### **2.6.2d Amendments to IAS 37 - Onerous contracts - Cost of fulfilling a contract**

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted.

The changes in Onerous Contracts - Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or 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 Company will not be affected by these amendments on the date of transition.

### **2.6.2e Amendments to IFRS 16 - COVID-19-related rent concessions**

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020. The amendment is also available for interim reports. The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to:

- provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The main change from the proposal in the exposure draft is that the IASB had proposed that the practical expedient should only be available for lease payments originally due in 2020. However, after having considered the feedback to the exposure draft, the IASB decided to extend this period to June 2021 to also capture rent concessions granted now and lasting for 12 months.

The Company does not expect these amendments to have impact on its financial statements when they become effective.



# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### **2.6.2f Amendments to IFRS 3 - Reference to the conceptual framework**

Minor amendments were made to IFRS 3 Business Combinations to update the reference to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provision. Contingent Liabilities and Contingent Asset and Interpretations 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The effective date is 1 January 2022.

The amendment will have no material effect on the Company's financial statements.

### **2.6.2g Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The Company will apply these amendments when they become effective.

### **2.6.2h Annual improvement to IFRS Standards 2018 - 2023**

The following Improvements were finalised in May 2020:

- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases - To remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The effective date is 1 January 2022.

## **3. Summary of significant accounting policies**

The significant accounting policies set out below have been applied in preparing the financial statements unless otherwise indicated.

### **3.1. Investments in associates**

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognized at cost and adjusted for any impairment losses in subsequent periods in separate financial statements. If the group's share of losses of an associate exceeds its interest in the associate, the group discontinues recognizing its share of further losses.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 3.2. Investment in subsidiaries

Investments in subsidiaries are carried at cost. The consolidated financial statements include the financial statements of the holding company and its subsidiaries. A subsidiary is one in which the group has controlling interest and controls the operation/decision making of the subsidiary.

### 3.3. Intangible assets

#### 3.3.1. Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.

	%
Computer software	20

### 3.4. Property, plant and equipment

#### 3.4.1. Initial recognition

All property, plant and equipment assets are stated at cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

#### 3.4.2. Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### 3.4.3. Depreciation of property, plant and equipment

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Land	-
Buildings	2
Furniture and fittings	25
Computer equipment	25
Motor vehicles	25
Office equipment	25
Marine equipment	5
Plant and machinery	10
Survey equipment	25
Heavy duty vehicles	16 <sup>2</sup> / <sub>3</sub>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

The group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

### **3.4.4. Derecognition**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement under operating income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

### **Reclassification**

When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in the income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in the income statement.

### **3.5. Discontinued operations and non-current assets held for sale**

Discontinued operations and non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Discontinued operations and non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Furthermore, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 3.6. Inventories

Inventories are valued at the lower of cost and net realisable value on a first in first out basis. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity levels.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

### 3.7. Impairment of non-financial assets

The group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

### 3.8. Financial instruments

Financial instruments carried in the statement of financial position includes financial assets at fair value through other comprehensive income, cash and cash equivalents and borrowings. Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. The various classifications of financial instruments, their measurement subsequent to initial recognition, reclassifications and derecognition are stated as follows:

#### Financial assets and liabilities

##### 3.8.1 Financial assets

###### a) Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments carried at fair value through profit or loss are initially recognised at fair value with transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, being recognised immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments initially measured at fair value.

When the transaction price differs from the fair value of other observable current market, transactions in the same instrument or based on a valuation technique whose variables include only data observable from markets, the company immediately recognises the difference between the transaction price and the fair value (a 'Day 1' profit or loss) in 'Net gains/(losses) on financial instruments classified as held for trading'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the income statement when the inputs become observable, or when the instrument is derecognized.

###### b) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at amortised cost or fair value depending on their classification category.

###### c) Classification

Subsequent to initial recognition, all financial assets within the Group are measured at:

- i. amortised cost;
- ii. fair value through other comprehensive income (FVOCI); or
- iii. fair value through profit or loss (FVTPL)

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Group's financial assets are subsequently measured at amortised cost if they meet both of the following criteria:

- **Business model test** - The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- **SPPI contractual cash flow characteristics test** - The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding on a specified date. Interest in this context is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

Debt instruments are measured at fair value through other comprehensive income (FVOCI) by the Group if they meet both of the following criteria:

- **Business model test:** The asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset; and
- **SPPI contractual cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets (equity investments) are measured at fair value.

Financial asset is classified and measured at fair value through profit or loss (FVTPL) by the Group if the financial asset is:

- A debt instrument that does not qualify to be measured at amortised cost or FVOCI;
- An equity investment which the Group has not elected to classify as at FVOCI;
- A financial asset where the Group has elected to measure the asset at FVTPL under the fair value option.



# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### **d) De-recognition**

The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or when it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the entity is recognized as a separate asset or liability. The entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include securities lending and repurchase transactions.

In transactions in which the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the entity continues to recognise the asset to the extent of its continuing involvement, determined by extent to which it is exposed to changes in the value of the transferred asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the entity continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

### **3.8.2 Financial liabilities**

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

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

Financial liabilities at fair value through profit or loss are financial liabilities held for trading.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

#### **3.8.2.2 Other liabilities measured at amortised cost**

Financial liabilities that are not classified at fair value through profit or loss fall into this category, and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the liabilities using the effective interest method. Financial liabilities measured at amortised cost are notes and commercial papers, balance on client accounts.

### **3.8.4 Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market price or dealer price quotations.

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

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the dates of the statement of financial position.

In cases where the fair value of the unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to Company's and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into credit quality, liquidity and costs. The fair values of contingent liabilities and irrecoverable loan commitments correspond to their carrying amounts.

The best evidence of fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data observable from markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument initially measured from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or instrument is closed out.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

### **3.8.4 Reclassification of financial assets and liabilities**

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held for trading category if the financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to reoccur in the near-term.

In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the entity has the intention and ability to hold these financial assets for the foreseeable future until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### **3.8.5 Identification and measurement of impairment of financial assets**

#### **3.8.4.1 Assets carried at amortised cost**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

#### **3.8.4. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **3.9. Trade and other receivables**

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as non-current assets. Where the potential impact of discounting future cash receipts over the short credit period is not considered to be material, trade receivables are stated at their original invoiced value. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

### **3.10. Cash and cash equivalents**

Cash equivalents comprises of short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

For the purpose of presenting the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts.

### **3.11. Leases**

#### **Policy subsequent to 1 January 2019,**

The group and the Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### The group and the Company as a lessee

The group and the Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The group and the Company recognises lease liabilities to make lease Payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The group and the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use), Right-of-use assets are measured at cost, less any accumulated depreciation and Impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### Leases

#### Policy prior to 1 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the Inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified an arrangement.

#### The group/ the Company as a lessee

Finance leases that transfer to the Group and the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value the leased property or, If lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

### **3.12. Trade and other payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due with one year or less. If not, they are presented as non-current liabilities.

Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

### **3.13. 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. Other borrowing costs are expensed in the period in which they are incurred.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. 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 through the expected life of the financial liability.

### **3.14. Employee benefits**

#### **3.14.1. Defined contribution pension plan**

The group runs a defined contribution plan. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **3.14.2. Defined benefit pension plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the group's obligation and that are denominated in the currency in which the benefit are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected credit unit method.

The group recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.



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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 3.14.3. Termination benefit

Termination benefit are recognized as an expense when the group is demonstrably committed without realistic possible withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the group has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

### 3.13.4. Short term employee benefits

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

## 3.15. Taxation

### 3.15.1. Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

### 3.15.2. Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss.

### **3.16. Provisions**

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

#### **3.16.1 Warranty**

A provision for warranty is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated possibilities.

#### **3.16.2 Restructuring**

A provision for restructuring is recognized when the group has approved a formal detail restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

#### **3.16.3 Onerous contract**

Provision for onerous contracts is recognized when the expected benefit to be derived by the group from a contract are lower than the unavoidable costs of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract.

### **3.17. Equity instruments**

Equity instruments issued by the group are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any group purchases the group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the group's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the group's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

### **3.18. Compound instruments**

At the issue date, the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 3.19. Revenue recognition

#### 3.19.1. Sale of goods or services

Revenue from the sale of goods in the ordinary course of business is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence persists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of consideration is probable, the associated cost and possible return of goods can be estimated reliably, there is no continuing involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

#### 3.19.2. Investment return

Investment return includes dividend income, interest and rent receivable, movement in amortized cost on debt securities and other loan and receivables, realized gains and losses, and unrealized gains and losses on fair value of the financial assets.

#### 3.19.3. Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount.

#### 3.19.4. Rental income

Rental income is recognized on an accrued basis.

#### 3.19.5. Realised gains and losses

The realised gains or losses on the disposal of an asset is the difference between proceeds received, net of transaction costs and its original or amortised costs as appropriate.

### 3.20. Foreign currencies

#### 3.20.1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities within the group. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalization to assets under construction;
- Exchange differences on transactions entered into to hedge foreign currency risks;
- Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

#### 3.20.2. Foreign operations

The functional currency of the parent Company and the presentation currency of the financial statements is Nigerian Naira. The assets and liabilities of the Group's foreign operations are translated to Naira using exchange rates at the year end. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

rate on transaction date is used. Goodwill acquired in business combinations of foreign operations are treated as assets and liabilities of that operation and translated at the closing rate.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

### **3.21. Segment reporting**

The Group's operating segments are organized by the nature of the operations and further by geographic location into geographical regions; local and foreign to highlight the contributions of foreign operations to the Group. Due to the nature of the Group, Japaul Oil's Executive Committee regularly reviews operating activity on a number of bases, including by geographical region, customer Group and business activity by geographical region.

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments were determined in a manner consistent with the internal reporting provided to the Executive Committee, which represents the chief operating decision-maker, as this is the information CODM uses in order to make decisions about allocating resources and assessing performance.

All transactions between business segments are conducted on an arm's length basis, with intersegment revenue and costs being eliminated in Head office. Income and expenses directly associated with each segment are included in determining business segment performance.

### **4. Critical accounting estimates and judgement**

The group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities in the next financial statements are discussed below:

#### **a.) Defined benefit obligation**

The present value of defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligation include the discount rate, the group determines the discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimate future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high- quality corporate bond that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the defined benefit obligation.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### **b.) Impairment of available-for-sale equity financial assets**

The group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### **c.) Impairment of property, plant and equipment and intangible assets**

Management is required to make judgement concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate impairment exist.

### **d.) Others are:**

- i. Residual values of items of property, plant and equipment;
- ii. Estimated useful lives of item of property, plant and equipment;
- iii. Impairment of doubtful receivables.

## **5. Risk management framework**

The primary objective of the group's risk management framework is to protect their stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The group has established a risk management function with clear terms of reference from the board of Directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

The group's principal significant risks are assessed and mitigated under three broad headings:

**Strategic risks** – This specifically focused on the economic environment, the products offered and market. The strategic risks arose from a group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and its inability to adapt to changes in its business environment.

**Operational risks** – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.



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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**Financial risks** – Risk associated with the financial operation of the group, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

The board of directors approves the group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

### 5.1. Strategic risks

The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the group.

- i. To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
- ii. To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- iii. To retain financial flexibility by maintaining strong liquidity.
- iv. To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.
- v. To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

### Approach to capital management

The group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis.

The group's primary source of capital in 2016 is funding from the banks and foreign lenders.

There has been no significant changes to its capital structure during the past year from previous years.

### 5.2. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors such as provider tariffs, medical costs, premium review for adequacy, prompt premium payments and collections. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 5.3. Financial risks

The group has exposure to the following risks from financial instruments:

- Credit risks
- Liquidity risks
- Market risks

#### a Credit risks

Credit risks arise from a customer payment delays or outright default; inability to fully meet contractual obligations to providers. Exposure to this risk results from financial transactions with a customer.

The group has policies in place to mitigate its credit risks.

The group's Enterprise risk management policy sets out the assessment and determination of what constitutes credit risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the group's management. The policy is regularly reviewed for pertinence and for changes in the risk environment.

#### Exposure to risk

The carrying amount of the group's financial instruments represents the maximum exposure to credit risk.

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>N'000</b>	N'000	<b>N'000</b>	N'000
<b>Financial assets</b>				
Trade and other receivables	<b>5,471,345</b>	4,396,193	<b>2,932,459</b>	1,908,133
Cash and cash equivalents net of overdraft	<b>136,149</b>	5,883	<b>16,234</b>	5,250
	<b><u>5,607,494</u></b>	<u>4,402,076</u>	<b><u>2,948,693</u></b>	<u>1,913,383</u>

The debtors' age analysis is also evaluated on a regular basis for potential doubtful debts, where this is considered necessary. The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The group allows an average debtors period of 45 days after invoice date. It is the group's policy to assess debtors for recoverability on an individual basis and to make provision where it is considered necessary. In assessing recoverability the group takes into account any indicators of impairment up until the reporting date. The application of this policy generally results in debts between 46 and 60 days not being provided for unless individual circumstances indicate that a debt is impaired. Whilst 100% of debtors balances over 365 days are provided for.

#### b Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The group employs policies and procedures to mitigate the it's exposure to liquidity risk.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### c Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

#### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group's principal transactions are carried out in naira and dollar and its financial assets are primarily denominated in the Naira. Although it has foreign operations, its exposure to foreign exchange risk is minimal as it also has liabilities denominated in foreign currencies to help mitigate risks that may arise.

### 6. Capital management

In the management of its capital, the group has certain objectives which it intends to achieve, these include

- the safeguarding of the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and the provision of an adequate return to shareholders by pricing products and services commensurately with the level of risk.
- consistency with others in the industry, the group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt ÷ capital:
- net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. ordinary shares, share premium, retained earnings, and other reserves).

The net debt-to-capital ratios at 31 December 2022 and at 31 December 2021 were as follows:

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
Total liabilities	<b>15,116,613</b>	13,323,503	<b>13,106,199</b>	11,587,724
<b>Less:</b> Cash and cash equivalents	<b>136,149</b>	5,883	<b>16,234</b>	5,250
Net debt	<b>14,980,464</b>	13,317,620	<b>13,089,965</b>	11,582,474
Total equity	<b>(800,478)</b>	(126,434)	<b>(3,215,354)</b>	(2,815,429)
Debt-to-capital ratio	<b>(18.71)</b>	(105.33)	<b>(4.07)</b>	(4.11)

The increase in the debt-to-capital ratio during 2023 resulted primarily from a decrease in total equity driven by the loss made during the year from operations.

# JAPPAUL OIL & MARITIME SERVICES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 7. Financial instruments and fair values

As explained in Note 3.7, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. These categories are: fair value through profit or loss; fair value through other comprehensive income and financial assets at amortised costs; and, for liabilities, amortized cost or fair value .

7.1. The fair value of financial assets together with the carrying amounts shown in the statement of financial position are as follows:

	Financial assets		Financial liabilities		
	Fair value through profit or loss N'000	Fair value through other comprehensive income N'000	Amortised cost N'000	Fair value through profit or loss N'000	Total carrying amount N'000
<b>At 31 December 2023</b>					
<b>Assets</b>					
Trade and other receivables	5,471,345	-	-	-	5,471,345
Cash and cash equivalents	136,149	-	-	-	136,149
	<u>5,607,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,607,494</u>
<b>Liabilities</b>					
Trade and other payables	-	-	5,895,916	-	5,895,916
Loans and borrowings	-	-	3,096,726	-	3,096,726
Lease liability	-	-	4,567,750	-	4,567,750
Bank overdrafts	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>13,560,392</u>	<u>-</u>	<u>13,560,392</u>
<b>At 31 December 2022</b>					
<b>Assets</b>					
Trade and other receivables	-	-	4,396,193	-	4,396,193
Cash and cash equivalents	5,883	-	-	-	5,883
	<u>5,883</u>	<u>-</u>	<u>4,396,193</u>	<u>-</u>	<u>4,402,076</u>
<b>Liabilities</b>					
Trade and other payables	-	-	5,760,323	-	5,760,323
Loans and borrowings	-	-	1,469,662	-	1,469,662
Lease liability	-	-	4,567,750	-	4,567,750
Bank overdrafts	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>11,797,735</u>	<u>-</u>	<u>11,797,735</u>

	Due within 1 year N'000	Due within 1-5 year N'000	Total N'000
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### 7.2. Maturity profile of financial liabilities

#### 7.2.1. Group - Maturity profile of financial liabilities

##### 31 December 2023

Bank overdrafts	-	-	-
Trade and other payables	5,895,916	-	5,895,916
Lease liability	-	4,567,750	4,567,750
Bank term loans	3,096,726	-	3,096,726
	<u>8,992,642</u>	<u>4,567,750</u>	<u>13,560,392</u>

# JAPPAUL OIL & MARITIME SERVICES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 7.2.1. Group - Maturity profile of financial liabilities

#### 31 December 2022

Trade and other payables	5,760,323	-	5,760,323
Lease liability	1,000,000	3,567,750	4,567,750
Bank term loans	1,469,662	-	1,469,662
	<u>8,229,985</u>	<u>3,567,750</u>	<u>11,797,735</u>

### 7.2.2. Company - Maturity profile of financial liabilities

#### 31 December 2023

Trade and other payables	4,285,716	-	4,285,716
Lease liability	-	4,567,750	4,567,750
	<u>4,285,716</u>	<u>4,567,750</u>	<u>8,853,466</u>

#### 31 December 2022

Trade and other payables	4,433,525	-	4,433,525
Lease liability	-	4,567,750	4,567,750
	<u>4,433,525</u>	<u>4,567,750</u>	<u>9,001,275</u>

### 7.3. Fair valuation methods and assumptions

Cash and cash equivalents, trade receivables, trade payable and short term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains in a separate component of equity at the end of the reporting year.

### 7.4. Fair value measurements recognised in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

**Level 1:** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** for equity securities not listed on an active market and for which observable market data exist that the Group can use in order to estimate the fair value;

**Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 8. Operating Segment

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different service, and are managed separately. For each of the strategic business units, the Group's CEO reviews internal management reports on at least monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment	Description
Vessels' rental	This segment is responsible for carrying out Marine and Offshore Operations.
Chippings and crushing	This segment carries out Quarry, crushing and haulage services
Dredging	This segment is into dredging and sand mining services
Equipment rental	This segment rents equipment

The accounting policies of the reportable segments are the same as described in Notes 3.21.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Information regarding the results of each reportable segment is included below.

### 9. Revenue

The following is an analysis of the Company's and Group's revenue for the year from continuing operations (excluding other incomes).

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>N'000</b>	N'000	<b>N'000</b>	N'000
<b>9.1 Categories of revenue:</b>				
Chippings and crushing	<b>231,526</b>	111,536	-	-
Dredging	-	27,746	-	27,746
Equipment rental	<b>2,346,439</b>	1,221,256	<b>2,346,439</b>	1,158,930
	<b>2,577,965</b>	1,360,538	<b>2,346,439</b>	<b>1,186,676</b>
<b>10. Direct Costs</b>				
Vessels' crew salaries and wages and maintenance	-	4,116	-	-
Chippings and crushing	<b>13,703</b>	-	-	-
Supporting equipment expenses & others	<b>292,663</b>	307,173	<b>170,458</b>	268,981
Equipment repairs and maintenance	<b>691,287</b>	449,535	<b>599,567</b>	400,984
Depreciation (Note 10.1)	<b>521,330</b>	525,050	<b>353,009</b>	355,955
	<b>1,518,983</b>	1,285,874	<b>1,123,034</b>	1,025,920
<b>10.1. Depreciation expenses</b>				
Owned plant and equipment	<b>271,331</b>	275,051	<b>103,009</b>	105,955
Leased equipment (Note 17)	<b>250,000</b>	250,000	<b>250,000</b>	250,000
	<b>521,331</b>	525,051	<b>353,009</b>	355,955
<b>Gross profit/(loss)</b>	<b>1,058,982</b>	74,664	<b>1,223,405</b>	160,756
<b>Gross profit/(loss) margin</b>	<b>41%</b>	5%	<b>52%</b>	14%

**10.2.** The Company makes use of vessel hire services from Afrikdelta Marine Services Limited.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 10.3 Operational segment

The group has four reportable segments. These segments engage in the provision of the following services: Dredging, Quarry, Offshore and Construction services and their results for the year as well as the comparative year are reported as follows:

	31-Dec-23				
	Dredging Services N'000	Offshore Services N'000	Quarry Services N'000	Consolidation adjustments N'000	Total N'000
<b>10.4 Statement of profit or loss and other comprehensive income:</b>					
<b>Revenue:</b>					
External revenue	2,346,439	-	231,526	-	2,577,965
Inter-segment revenue	-	-	-	-	-
<b>Total Segment revenue</b>	<b>2,346,439</b>	<b>-</b>	<b>231,526</b>	<b>-</b>	<b>2,577,965</b>
Direct cost	(1,123,036)	(236,457)	(159,490)	-	(1,518,983)
Other income	124,411	3,267	8,678	-	136,356
Operating (loss)/profit	<u>(351,874)</u>	<u>(297,508)</u>	<u>27,360</u>	<u>-</u>	<u>(622,022)</u>
Reportable segment (loss)/profit before income tax	(351,874)	(297,508)	27,360	-	(622,022)
Income tax expense	<u>(48,055)</u>	<u>(20)</u>	<u>(3,947)</u>	<u>-</u>	<u>(52,022)</u>
Loss from discontinued operation				-	-
Reportable segment (loss)/profit after income tax	<u>(399,929)</u>	<u>(297,528)</u>	<u>23,413</u>	<u>-</u>	<u>(674,044)</u>
Depreciation	<u>(102,835)</u>	<u>(168,630)</u>	<u>(2,336)</u>	<u>-</u>	<u>(273,801)</u>
<b>10.5 Statement of financial position</b>					
<b>Operating assets</b>	<b>9,890,844</b>	<b>3,615,460</b>	<b>2,147,082</b>	<b>(1,337,251)</b>	<b>14,316,135</b>
<b>Operating liabilities</b>	<b>13,106,197</b>	<b>4,407,019</b>	<b>5,035,147</b>	<b>(7,431,750)</b>	<b>15,116,613</b>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	31-Dec-22				
	Dredging Services N'000	Offshore Services N'000	Quarry Services N'000	Consolidation adjustments N'000	Total N'000
<b>10.6 Statement of profit or loss and other comprehensive income:</b>					
<b>Revenue:</b>					
External revenue	1,186,675	62,326	111,536	-	1,360,537
Inter-segment revenue	-	-	-	-	-
<b>Total Segment revenue</b>	<b>1,186,675</b>	<b>62,326</b>	<b>111,536</b>	<b>-</b>	<b>1,360,537</b>
Direct cost	(1,025,920)	(177,507)	(82,446)	-	(1,285,873)
Other income	454,094	2,104	74,509	-	530,707
Operating loss	257,797	(132,080)	65,850	-	191,567
Reportable segment profit/(loss) before income tax	257,797	(132,080)	65,850	-	191,567
Income tax expense	(12,704)	(5,248)	(17,629)	-	(35,581)
Loss from discontinued operation				-	-
Foreign currency translation derecognised	-				-
Reportable segment loss after income tax	245,093	(137,328)	48,221	-	155,986
Depreciation and amortisation	(107,370)	(168,630)	(2,336)	-	(278,336)
<b>10.7 Statement of financial position</b>					
<b>Operating assets</b>	<b>17,750,431</b>	<b>3,966,102</b>	<b>2,118,707</b>	<b>(10,638,171)</b>	<b>13,197,069</b>
<b>Operating liabilities</b>	<b>11,599,800</b>	<b>4,116,937</b>	<b>5,016,533</b>	<b>(7,409,767)</b>	<b>13,323,503</b>



# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 10.8 Geographical segment

The group operates both within and outside Nigeria and the results based on each geographical location are as follows:

	31-Dec-23				31-Dec-22			
	Within Nigeria N'000	Outside Nigeria N'000	Consolidation adjustments N'000	Total N'000	Within Nigeria N'000	Outside Nigeria N'000	Consolidation adjustments N'000	Total N'000
<b>10.8.1. Statement of profit or loss and other comprehensive income:</b>								
<b>Revenue:</b>								
External revenue	2,577,965	-	-	2,577,965	1,360,538	-	-	1,360,538
Inter-segment revenue	-	-	-	-	-	-	-	-
<b>Total Segment revenue</b>	<b>2,577,965</b>	<b>-</b>	<b>-</b>	<b>2,577,965</b>	<b>1,360,538</b>	<b>-</b>	<b>-</b>	<b>1,360,538</b>
Direct cost	(1,518,983)	-	-	(1,518,983)	(1,285,874)	-	-	(1,285,874)
Other income	136,356	-	-	136,356	530,706	-	-	530,706
Operating profit/(loss)	619,369	-	-	619,369	191,563	-	-	191,563
Reportable segment loss before income tax	(622,022)	-	-	(622,022)	191,563	-	-	191,563
Taxation	(52,022)	-	-	(52,022)	(35,581)	-	-	(35,581)
Reportable segment loss after income tax	(674,044)	-	-	(674,044)	155,982	-	-	155,982
Depreciation and amortisation	3,318	-	-	3,318	3,420	-	-	3,420
<b>10.8.2 Statement of financial position</b>								
<b>Operating assets</b>	<b>14,316,135</b>	<b>-</b>	<b>-</b>	<b>14,316,135</b>	<b>13,197,069</b>	<b>-</b>	<b>-</b>	<b>13,197,069</b>
<b>Operating liabilities</b>	<b>15,116,613</b>	<b>-</b>	<b>-</b>	<b>15,116,613</b>	<b>13,371,633</b>	<b>-</b>	<b>-</b>	<b>13,371,633</b>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>11. Other income</b>				
Rent received from property	66,808	91,302	62,808	69,302
Provision and accruals no longer required	58,136	318,941	54,926	336,880
Profit on disposal of PPE	-	110,967	-	42,865
Foreign exchange gain	2,112	2,996	2,977	-
Sundry income	9,300	6,500	7,000	5,400
	<b>136,356</b>	<b>530,706</b>	<b>127,711</b>	<b>454,447</b>
<b>12. Administration expenses</b>				
Personnel expenses (Note 12.1)	236,787	178,453	201,689	151,183
Director's remuneration	33,106	25,386	33,106	25,386
Bank charges	1,579	982	100	117
Travelling and accommodation	42,132	27,540	36,044	24,902
Repairs and maintenance	8,102	9,725	8,096	9,702
Security and cleaning	85,689	78,261	76,185	65,922
Insurance	282	361	216	341
Motor running	27,524	15,606	23,910	13,610
Diesel and electricity	7,907	7,844	7,907	7,770
Printing and stationery	5,671	5,503	5,272	5,129
Professional and legal fees	26,712	13,623	26,291	9,973
Auditors' remuneration	6,500	6,500	6,500	6,500
Board and AGM expenses	12,681	24,563	12,681	24,563
Licenses, rates and fees	18,275	6,355	11,483	4,757
Subscription	3,720	4,013	3,691	3,976
Entertainment, advertisement and public relations	3,759	2,916	1,709	1,805
Depreciation and amortisation (Note 12.2)	3,318	3,420	2,049	1,416
Loss on disposal of property, plant and equipment (Note 12.3)	666	-	3,966	-
Impairment loss (Note 12.4)	50,859	2,756	-	8,978,137
Foreign exchange loss	-	-	-	354
Other office expenses	700	-	700	-
	<b>575,969</b>	<b>413,807</b>	<b>461,595</b>	<b>9,335,543</b>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>12.1. Personnel expenses</b>				
Salaries, wages and allowances	201,627	160,636	170,425	135,607
Contributions to pension fund scheme (Note 25.1)	14,069	12,044	11,407	9,992
Training, recruitment and canteen expenses	1,637	1,138	1,381	949
Medical expenses	522	1,600	344	1,600
Other personnel expenses	18,932	3,035	18,132	3,035
	<b>236,787</b>	<b>178,453</b>	<b>201,689</b>	<b>151,183</b>
<b>12.2. Depreciation and amortisation expenses</b>				
Depreciation of property, plant and equipment	3,318	3,420	2,049	1,416
<b>12.3. Profit/(Loss) on disposal of property, plant and equipment</b>				
Proceeds from sale	8,149	319,333	4,849	143,200
Gross value	45,886	2,038,542	27,366	441,440
Accumulated depreciation (Note 16)	(37,071)	(1,830,176)	(18,551)	(341,104)
<b>Carrying amount</b>	<b>8,815</b>	<b>208,366</b>	<b>8,815</b>	<b>100,336</b>
<b>(Loss)/profit on disposal</b>	<b>(666)</b>	<b>110,967</b>	<b>(3,966)</b>	<b>42,864</b>
<b>12.4. Impairment loss</b>				
Trade and other receivables (Note 22.1)	50,859	2,756	-	-
Impairment on related party receivables	-	-	-	8,978,137
Impairment of bank balances (Note 22)	-	-	-	-
	<b>50,859</b>	<b>2,756</b>	<b>-</b>	<b>8,978,137</b>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>13. Finance cost and finance income</b>				
<b>13.1. Finance costs</b>				
Exchange loss on translation of foreign loan balance	<b>1,241,391</b>	-	<b>1,241,391</b>	-
<b>13.2. Finance income</b>				
Interest income	-	-	-	-
<b>Net finance costs</b>	<b>1,241,391</b>	-	<b>1,241,391</b>	-

**13.3.** Exchange loss on translation of foreign loan balance refers to year-end revaluation of unpaid Quinn McGrath loan denominated in USD.

Interest income represents income earned on bank deposits while interest expense represents charges paid on trade finance, loans and overdraft facilities utilised during the year.

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>14. Taxation</b>				
<b>14.1. Tax expense</b>				
Income tax	<b>15,619</b>	27,958	<b>12,336</b>	6,521
Education tax	<b>36,403</b>	7,623	<b>35,719</b>	6,183
	<b>52,022</b>	35,581	<b>48,055</b>	12,704
Deferred tax (Note 14.4)	-	-	-	-
	<b>52,022</b>	35,581	<b>48,055</b>	12,704
<b>14.2. Current income tax liability</b>				
At 1 January	<b>284,359</b>	239,710	<b>29,125</b>	22,852
Tax paid	<b>(5,501)</b>	-	<b>(2,850)</b>	-
Current year charge (Note 16.1)	<b>52,022</b>	44,649	<b>48,055</b>	6,273
<b>At 31 December</b>	<b>330,880</b>	284,359	<b>74,330</b>	29,125

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date and the Education Tax Act, CAP E4, LFN 2004.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>14.3. Reconciliation of effective tax rate</b>				
(Loss)/profit before tax	<b>(622,022)</b>	191,563	<b>(351,870)</b>	(8,720,340)
Income tax expense	<b>52,022</b>	35,581	<b>48,055</b>	12,704
Effective tax rate	<b>(8%)</b>	19%	<b>(14%)</b>	(0%)
Tax calculated using the domestic corporation tax rate of 30% (31 December 2018 : 30%)	-	-	-	-
Non-deductible expenses	-	-	-	-
Effect of minimum tax	<b>15,619</b>	27,958	<b>12,336</b>	6,521
Effect of education tax levy	<b>36,403</b>	7,623	<b>35,719</b>	6,183
Effect of Under provision in prior years	-	-	-	-
	<b>52,022</b>	35,581	<b>48,055</b>	12,704
<b>14.4. Deferred tax liability</b>				
At 1 January	<b>966,376</b>	966,376	<b>909,886</b>	909,886
Adjustment	-	-	-	-
Charge in the year (Note 16.1)	-	-	-	-
<b>At 31 December</b>	<b>966,376</b>	966,376	<b>909,886</b>	909,886

Deferred taxation is computed using the liability method in accordance with IAS 12 on "Income taxes". The deferred tax computation resulted in deferred tax assets of N6,908,936,843.16 which has not been recognised in these consolidated financial statements on account of prudence.

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>15. Loss per share</b>				
(Loss)/profit after taxation	<b>(674,044)</b>	155,982	<b>(399,925)</b>	(8,733,044)
Number of issued shares	<b>6,262,702</b>	6,262,702	<b>6,262,702</b>	6,262,702
Weighted average number of issued shares	<b>6,262,702</b>	6,262,702	<b>6,262,702</b>	6,262,702
(Loss)/profit per share (kobo)	<b>(11)</b>	2	<b>(6)</b>	(139)

(Loss)/profit per share (basic) has been computed for each year on the (loss)/profit after tax attributable to ordinary shareholders and divided by the weighted average number of issued and fully paid up to N0.50k ordinary share during the year.

## JAPAU GOLD & VENTURES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 16. Property, plant and equipment

##### 16.1. The Group

The movement on this account during the year was as follows:

	Freehold and Leasehold Land N'000	Buildings N'000	Plant and machinery N'000	Equipment, fixtures and fittings N'000	Auto trucks and equipment N'000	Motor vehicles N'000	Marine equipment N'000	Capital work in progress N'000	Total N'000
<b>Costs:</b>									
<b>At 1 January 2022</b>	<b>2,080,440</b>	<b>274,027</b>	<b>2,584,493</b>	<b>84,948</b>	<b>305,312</b>	<b>72,437</b>	<b>5,739,118</b>	<b>65,807</b>	<b>11,206,582</b>
Additions				1,549		-	66,169	214,286	282,004
Disposal	(131,014)	(146,982)	(1,301,716)	-	(17,392)	-	(441,438)	-	(2,038,542)
<b>At 31 December 2022</b>	<b>1,949,426</b>	<b>127,045</b>	<b>1,282,777</b>	<b>86,497</b>	<b>287,920</b>	<b>72,437</b>	<b>5,363,849</b>	<b>280,093</b>	<b>9,450,044</b>
<b>At 1 January 2023</b>	<b>1,949,426</b>	<b>127,045</b>	<b>1,282,777</b>	<b>86,497</b>	<b>287,920</b>	<b>72,437</b>	<b>5,363,849</b>	<b>280,093</b>	<b>9,450,044</b>
Additions	-	-	469	2,337	-	15,100	32,961	403,239	454,106
Disposal	-	-	-	-	(18,520)	(1,900)	(25,466)	-	(45,886)
<b>At 31 December 2023</b>	<b>1,949,426</b>	<b>127,045</b>	<b>1,283,246</b>	<b>88,834</b>	<b>269,400</b>	<b>85,637</b>	<b>5,371,344</b>	<b>683,332</b>	<b>9,858,264</b>
<b>Accumulated depreciation :</b>									
<b>At 1 January 2022</b>	<b>166,837</b>	<b>120,862</b>	<b>2,575,490</b>	<b>82,768</b>	<b>305,312</b>	<b>71,962</b>	<b>3,391,500</b>	<b>-</b>	<b>6,714,731</b>
Charge for the year		1,935	4,143	1,011		475	270,774	-	278,338
Disposal	(131,014)	(38,950)	(1,301,716)	-	(17,392)	-	(341,104)	-	(1,830,176)
<b>At 31 December 2022</b>	<b>35,823</b>	<b>83,847</b>	<b>1,277,917</b>	<b>83,779</b>	<b>287,920</b>	<b>72,437</b>	<b>3,321,170</b>	<b>-</b>	<b>5,162,893</b>
<b>At 1 January 2023</b>	<b>35,823</b>	<b>83,847</b>	<b>1,277,917</b>	<b>83,779</b>	<b>287,920</b>	<b>72,437</b>	<b>3,321,170</b>	<b>-</b>	<b>5,162,893</b>
Charge for the year	-	1,198	3,799	1,489	-	629	266,686	-	273,801
Disposal	-	-	-	-	(18,520)	(1,900)	(16,651)	-	(37,071)
<b>At 31 December 2023</b>	<b>35,823</b>	<b>85,045</b>	<b>1,281,716</b>	<b>85,268</b>	<b>269,400</b>	<b>71,166</b>	<b>3,571,205</b>	<b>-</b>	<b>5,399,623</b>
<b>Carrying amount:</b>									
<b>At 31 December 2022</b>	<b>1,913,603</b>	<b>43,198</b>	<b>4,860</b>	<b>2,718</b>	<b>-</b>	<b>-</b>	<b>2,042,679</b>	<b>280,093</b>	<b>4,287,151</b>
<b>At 31 December 2023</b>	<b>1,913,603</b>	<b>42,000</b>	<b>1,530</b>	<b>3,566</b>	<b>-</b>	<b>14,471</b>	<b>1,800,139</b>	<b>683,332</b>	<b>4,458,641</b>

a. Depreciation charge of N271 million (2022: N278 million) for the vessels and other equipment are included in direct cost in the statement of profit or loss and other comprehensive income for the Group.

b. Depreciation charge of N3.3 million (2022: N3.4 million) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

c. Capital work in progress balance of N683 million refers to as capital expenditure incurred on a construction of Lekki height between Japaul Oil and Maritime services in conglomeration with other companies as a party and Lagos state government as the other party, and cost incurred for the Gold mining campaign of the group.

d. There were no borrowing costs related to the acquisition of plant and equipment during the year (2022: Nil).

e. None of the assets of the Company has been pledged as security for borrowings.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 16.2. Company

The movement on this account during the year was as follows:

	Freehold Land N'000	Buildings N'000	Plant and machinery N'000	Equipment, fixtures and fittings N'000	Motor vehicles N'000	Marine equipment N'000	Capital work in progress N'000	Total N'000
<b>Costs:</b>								
<b>At 1 January 2022</b>	<u>1,412,845</u>	<u>67,044</u>	<u>296,151</u>	<u>66,965</u>	<u>37,958</u>	<u>2,389,761</u>	<u>35,395</u>	<u>4,306,119</u>
Additions	-	-	-	1,550	-	66,171	214,286	282,007
Disposal	-	-	-	-	-	(441,440)	-	(441,440)
<b>At 31 December 2022</b>	<u>1,412,845</u>	<u>67,044</u>	<u>296,151</u>	<u>68,515</u>	<u>37,958</u>	<u>2,014,492</u>	<u>249,681</u>	<u>4,146,686</u>
<b>At 1 January 2023</b>	<u>1,412,845</u>	<u>67,044</u>	<u>296,151</u>	<u>68,515</u>	<u>37,958</u>	<u>2,014,492</u>	<u>249,681</u>	<u>4,146,686</u>
Additions	-	-	470	2,337	15,100	32,961	403,238	454,106
Disposal	-	-	-	-	(1,900)	(25,466)	-	(27,366)
<b>At 31 December 2023</b>	<u>1,412,845</u>	<u>67,044</u>	<u>296,621</u>	<u>70,852</u>	<u>51,158</u>	<u>2,021,987</u>	<u>652,919</u>	<u>4,573,426</u>
<b>Accumulated depreciation and impairment:</b>								
<b>At 1 January 2022</b>	-	<u>67,044</u>	<u>289,676</u>	<u>64,953</u>	<u>37,482</u>	<u>1,610,194</u>	-	<u>2,069,349</u>
Charge for the year	-	-	3,289	941	475	102,666	-	107,371
Disposal	-	-	-	-	-	(341,104)	-	(341,104)
<b>At 31 December 2022</b>	-	<u>67,044</u>	<u>292,965</u>	<u>65,894</u>	<u>37,957</u>	<u>1,371,756</u>	-	<u>1,835,616</u>
<b>At 1 January 2023</b>	-	<u>67,044</u>	<u>292,965</u>	<u>65,894</u>	<u>37,957</u>	<u>1,371,756</u>	-	<u>1,835,616</u>
Charge for the year	-	-	2,944	1,421	629	99,216	-	104,210
Disposal	-	-	-	-	(1,900)	(16,651)	-	(18,551)
<b>At 31 December 2023</b>	-	<u>67,044</u>	<u>295,909</u>	<u>67,315</u>	<u>36,686</u>	<u>1,454,321</u>	-	<u>1,921,275</u>
<b>Carrying amount:</b>								
<b>At 31 December 2022</b>	<u>1,412,845</u>	-	<u>3,186</u>	<u>2,621</u>	-	<u>642,736</u>	<u>249,681</u>	<u>2,311,070</u>
<b>At 31 December 2023</b>	<u>1,412,845</u>	-	<u>712</u>	<u>3,537</u>	<u>14,472</u>	<u>567,666</u>	<u>652,919</u>	<u>2,652,151</u>

a. Depreciation charge of N103 million (2022: N107 million) for the vessels and other equipments are included in direct cost in the statement of profit or loss and other comprehensive income for the Company .

b. Depreciation charge of N2.04million (2022: N1.4 million) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

c. Capital work in progress balance of N653 million refers to as capital expenditure incurred on a construction of Lekki height between Japaul Oil and Maritime services in conglomeration with other companies as a party and Lagos state government as the other party, and cost incurred for the Gold mining campaign of the company.

d. Capital borrowing costs related to the acquisition of plant and equipment during the year was Nil (2022: Nil)

e. None of the assets of the Company has been pledged as security for borrowings.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 17. Right-of-use assets

The movement on this account during the year is as follows:

	Group		Company	
	Marine equipment N'000	Total N'000	Marine equipment N'000	Total N'000
<b>Costs:</b>				
<b>At 1 January 2022</b>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Additions	-	-	-	-
<b>31 December 2022</b>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<b>Adjusted balance at 1 January 2023</b>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Addition	-	-	-	-
<b>31 December 2023</b>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<b>Accumulated depreciation:</b>				
<b>At 1 January 2022</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Charge for the year	500,000	500,000	500,000	500,000
Ceded assets (Note 17.a)	-	-	-	-
<b>31 December 2022</b>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
<b>At 1 January 2023</b>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Charge for the year	250,000	250,000	250,000	250,000
Ceded assets	-	-	-	-
<b>31 December 2023</b>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
<b>Carrying amount:</b>				
At 31 December 2022	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
<b>At 31 December 2023</b>	<u>4,250,000</u>	<u>4,250,000</u>	<u>4,250,000</u>	<u>4,250,000</u>

**17.a** In prior year, land, building and marine equipment pledged as collateral securities for various loans obtained by the Group from Access/Diamond Bank and accumulated finance lease obligations on Continental 1 through Marine Delivery PTE were waived through a debt pardon, and a return of associated assets to the owner (Charter) was mutually agreed by both parties to settle all obligations to the Bank based on duly executed terms of settlement before the Federal High Court directive in suit no: FHC/L/CS/1222/2018.

In the year 2019, marine equipment pledged as collateral securities for various loans obtained by the company from Access Bank were mutually agreed for take over to settle all obligations to the bank based on duly executed terms of settlement before the Federal High Court directive on suit no: FHC/L/CS/1222/2018.

Two dregers (JD xii & JD xiii with registration number SR 2525 & SR 2526 respectively) from the mutually agreed terms of settlement between the Company and Access Bank were leased backed to the company for a period of 6 years with a 1 year moratorium. The assets were leased for N5 billion.



# JAPaul GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Held by (Units) In thousand	% voting power	Group		Company	
			2023	2022	2023	2022
			N'000	N'000	N'000	N'000
<b>18. Subsidiaries Information</b>						
<b>18.a. Investment in subsidiaries</b>						
Investment in subsidiaries comprise:						
Japaul Shipping & Offshore Services Ltd (Note 20.1)	100%	100%	-	-	<b>25,000</b>	25,000
Japaul Mine & Products Ltd (Note 20.2)	100%	100%	-	-	<b>5,000</b>	5,000
Japaul Dredging Services Ltd (Note 20.3)	100%	100%	-	-	<b>10,000</b>	10,000
			-	-	<b>40,000</b>	40,000
Impairment on investment in subsidiaries			-	-	-	-
			-	-	<b>40,000</b>	40,000

### 18.b. Subsidiaries undertaking

All shares in subsidiaries undertakings are ordinary shares.

Subsidiaries	Principal activity	Country of incorporation	Percentage held	Statutory year end
Japaul Shipping & Offshore Services Limited	Marine and offshore services	Nigeria	100%	31 December
Japaul Mine & Products Ltd	Quarry, crushing and haulage	Nigeria	100%	31 December
Japaul Dredging Services Ltd	Dredging and sand mining services	Nigeria	100%	31 December

#### 18.1. Japaul Shipping & Offshore Services Limited

Japaul Shipping And Offshore Services Limited is an indigenous company, Incorporated in 2012 under the Nigerian Companies and Allied Matters Decree of 1990. The company was formed from the Offshore and Marine Division of Japaul Oil and Maritime Services Plc to be a self-sustained company with the focus on carrying out Marine and Offshore Operations.

#### 18.2. Japaul Mines & Products Limited

Japaul Mines & Products Limited is a company incorporated in June 2007. It is domiciled in Nigeria and its principal operations are provision of quarry services, crushing and haulage of materials for construction companies and other end users of crushed granite. It is a wholly owned subsidiary of Japaul Oil & Maritime Services Plc.

#### 18.3. Japaul Dredging Services

Japaul Dredging Services Limited is formerly a division of Japaul Oil & Maritime Services Plc but became a company incorporated in May 2011. It is domiciled in Nigeria and its principal operations are provision of dredging services to the oil majors, equipment fabrications, sand mining and reclamation activities. It is a wholly owned subsidiary of Japaul Oil & Maritime Services Plc.

#### 18.4. Condensed financial statements of consolidated entities

The consolidated results of the consolidated entities of Japaul Oil & Maritime Plc are shown in Note 18.4.1a.

The Japaul Oil & Maritime Group in the condensed results includes the results of the underlisted entities:

- Japaul Shipping & Offshore Services Ltd
- Japaul Mine & Products Ltd
- Japaul Dredging Services Ltd

# JAPAU GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 18.4.1a. Condensed result of consolidated entities-2023 Summarised consolidated financial position

31 December 2023	Parent- Japaul Gold & Ventures Plc N'000	Japaul Shipping & Offshore Services Ltd N'000	Japaul Dredging Services Ltd N'000	Japaul Mines & Products Ltd N'000	Total N'000	Elimination N'000	Japaul Gold & Ventures Plc - Group N'000
<b>Assets</b>							
Property, plant and equipment	2,652,151	1,233,168	-	573,321	4,458,640	2	4,458,642
Assets under finance lease	4,250,000	-	-	-	4,250,000	-	4,250,000
Investment in subsidiaries	40,000	-	-	-	40,000	(40,000)	-
Trade and other receivables	2,932,459	2,131,000	10,000	1,573,761	6,647,220	(1,175,876)	5,471,344
Cash and bank balances	16,234	119,891	-	9	136,134	16	136,150
<b>Total assets</b>	<b>9,890,844</b>	<b>3,484,059</b>	<b>10,000</b>	<b>2,147,091</b>	<b>15,531,994</b>	<b>(1,215,858)</b>	<b>14,316,136</b>
<b>Liabilities</b>							
Bank overdrafts	-	-	-	-	-	-	-
Trade and other payables	4,285,716	4,096,128	-	4,945,822	13,327,666	(7,431,747)	5,895,919
Defined contribution pension plan	129,275	16,776	-	40,293	186,344	-	186,344
Loans and borrowings	3,096,726	-	-	-	3,096,726	-	3,096,726
Finance lease facilities	4,567,750	-	-	-	4,567,750	-	4,567,750
Current income tax liability	74,330	221,047	-	35,504	330,881	-	330,881
Defined benefit plan	42,516	16,579	-	13,526	72,621	-	72,621
Deferred tax liability	909,886	56,489	-	-	966,375	-	966,375
<b>Total liabilities</b>	<b>13,106,199</b>	<b>4,407,019</b>	<b>-</b>	<b>5,035,145</b>	<b>22,548,363</b>	<b>(7,431,747)</b>	<b>15,116,616</b>
<b>Net assets/(liabilities)</b>	<b>(3,215,355)</b>	<b>(922,960)</b>	<b>10,000</b>	<b>(2,888,054)</b>	<b>(7,016,369)</b>	<b>6,215,889</b>	<b>(800,480)</b>
<b>Equity</b>							
Share capital	3,131,350	25,000	10,000	5,000	3,171,350	(40,000)	3,131,350
Share premium	16,440,679	-	-	-	16,440,679	-	16,440,679
Net loss sustained	(22,787,361)	(927,580)	-	(2,913,262)	(26,628,203)	6,255,888	(20,372,315)
Remeasurement reserve	(22)	(20,379)	-	20,208	(193)	(2)	(195)
<b>Total equity</b>	<b>(3,215,354)</b>	<b>(922,959)</b>	<b>10,000</b>	<b>(2,888,054)</b>	<b>(7,016,367)</b>	<b>6,215,886</b>	<b>(800,481)</b>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### Condensed result of consolidated entities-2023

	Parent- Japaul Gold & Ventures Plc N'000	Japaul Shipping & Offshore Services Ltd N'000	Japaul Dredging Services Ltd N'000	Japaul Mines & Products Ltd N'000	Total N'000	Elimination N'000	Japaul Gold & Ventures Plc - Group N'000
<b>31 December 2023</b>							
<b>Summarised statement profit or loss and other comprehensive income</b>							
Revenue	2,346,439	-	-	231,526	2,577,965	1	2,577,966
Direct cost	(1,123,034)	(236,457)	-	(159,493)	(1,518,984)	1	(1,518,983)
<b>Gross profit/(loss)</b>	<b>1,223,405</b>	<b>(236,457)</b>	<b>-</b>	<b>72,033</b>	<b>1,058,981</b>	<b>2</b>	<b>1,058,983</b>
Other income	127,711	3,267	-	8,678	139,656	(3,300)	136,356
Administrative expenses	(461,595)	(339,442)	-	(53,356)	(854,393)	278,424	(575,969)
<b>Operating profit/(loss)</b>	<b>889,521</b>	<b>(572,632)</b>	<b>-</b>	<b>27,355</b>	<b>344,244</b>	<b>275,126</b>	<b>619,370</b>
Net finance (costs)/income	(1,241,391)	-	-	-	(1,241,391)	-	(1,241,391)
<b>(Loss)/Profit before taxation</b>	<b>(351,870)</b>	<b>(572,632)</b>	<b>-</b>	<b>27,355</b>	<b>(897,147)</b>	<b>275,126</b>	<b>(622,021)</b>
Income tax expense	(48,055)	(20)	-	(3,947)	(52,022)	-	(52,022)
<b>(Loss)/profit/ for the year</b>	<b>(399,925)</b>	<b>(572,652)</b>	<b>-</b>	<b>23,408</b>	<b>(949,169)</b>	<b>275,126</b>	<b>(674,043)</b>
<b>31 December 2023</b>							
<b>Summarised statement of cash flows</b>							
Net cash from operating activities	74,568	131,401	-	(3,858)	202,111	-	202,111
Net cash from investing activities	(449,257)	-	-	3,300	(445,957)	-	(445,957)
Net cash used in financing activities	385,673	-	-	-	385,673	(11,561)	374,112
Net cash and cash equivalents	10,984	131,401	-	(558)	141,827	(11,561)	130,266
Cash and cash equivalents at 1 January	5,250	(11,509)	-	567	(5,692)	11,575	5,883
<b>Cash and cash equivalents at 31 December</b>	<b>16,234</b>	<b>119,892</b>	<b>-</b>	<b>9</b>	<b>136,135</b>	<b>14</b>	<b>136,149</b>

## JAPPAUL GOLD & VENTURES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 18.4.1b. Condensed result of consolidated entities-2022 Summarised consolidated financial position

31 December 2022	Parent- Japaul Gold & Ventures Plc N'000	Japaul Shipping & Offshore Services Ltd N'000	Japaul Dredging Services Ltd N'000	Japaul Mines & Products Ltd N'000	Total N'000	Elimination N'000	Japaul Gold & Ventures Plc - Group N'000
<b>Assets</b>							
Property, plant and equipment	2,311,070	1,401,158	-	574,923	4,287,151	2	4,287,153
Right-of-use Assets	4,500,000	-	-	-	4,500,000	-	4,500,000
Investment in subsidiaries	40,000	-	-	-	40,000	(40,000)	0
Trade and other receivables	10,894,112	2,576,454	10,000	1,543,729	15,024,295	(10,620,260)	4,404,035
Cash and bank balances	5,250	51	-	567	5,868	16	5,884
<b>Total assets</b>	<b>17,750,432</b>	<b>3,977,663</b>	<b>10,000</b>	<b>2,119,219</b>	<b>23,857,314</b>	<b>(10,660,242)</b>	<b>13,197,072</b>
<b>Liabilities</b>							
Bank overdrafts	-	11,561	-	-	11,561	-	11,561
Trade and other payables	4,435,627	4,000,020	-	4,946,897	13,382,544	(7,620,114)	5,762,430
Defined contribution pension plan	132,272	18,789	-	36,801	187,862	-	187,862
Loans and borrowings	1,469,662	-	-	-	1,469,662	-	1,469,662
Finance lease facilities	4,567,750	-	-	-	4,567,750	-	4,567,750
Current income tax liability	29,125	221,777	-	33,457	284,359	-	284,359
Defined benefit plan	43,402	16,579	-	13,526	73,507	-	73,507
Deferred tax liability	909,886	56,489	-	-	966,375	-	966,375
<b>Total liabilities</b>	<b>11,587,724</b>	<b>4,325,215</b>	<b>-</b>	<b>5,030,681</b>	<b>20,943,620</b>	<b>(7,620,114)</b>	<b>13,323,506</b>
<b>Net (liabilities)/assets</b>	<b>6,162,708</b>	<b>(347,552)</b>	<b>10,000</b>	<b>(2,911,462)</b>	<b>2,913,694</b>	<b>(3,040,128)</b>	<b>(126,434)</b>
<b>Equity</b>							
Share capital	3,131,350	25,000	10,000	5,000	3,171,350	(40,000)	3,131,350
Share premium	16,440,679	-	-	-	16,440,679	-	16,440,679
Net loss sustained	(22,387,436)	(352,173)	-	(2,936,671)	(25,676,280)	5,978,011	(19,698,269)
Remeasurement reserve	(22)	(20,379)	-	20,208	(193)	(2)	(195)
<b>Total equity</b>	<b>(2,815,429)</b>	<b>(347,552)</b>	<b>10,000</b>	<b>(2,911,463)</b>	<b>(6,064,444)</b>	<b>5,938,009</b>	<b>(126,435)</b>

## JAPPAUL GOLD & VENTURES PLC

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Parent- Japaul Gold & Ventures Plc N'000	Japaul Shipping & Offshore Services Ltd N'000	Japaul Mines & Products Ltd N'000	Total N'000	Elimination N'000	Japaul Gold & Ventures Plc - Group N'000
<b>31 December 2022</b>						
<b>Summarised statement profit or loss and other comprehensive income</b>						
Revenue	1,186,676	62,326	111,536	1,360,538	-	1,360,538
Cost of sales	(1,025,920)	(177,507)	(82,449)	(1,285,876)	3	(1,285,873)
<b>Gross profit/(loss)</b>	160,756	(115,181)	29,087	74,662	3	74,665
Other income	454,447	2,104	74,509	531,060	(354)	530,706
Administrative expenses	(9,335,543)	(16,247)	(37,750)	(9,389,540)	8,975,733	(413,807)
<b>Operating (loss)/profit</b>	(8,720,340)	(129,324)	65,846	(8,783,818)	8,975,382	191,564
Net finance costs	-	-	-	-	-	-
<b>(Loss)/ profit before taxation</b>	(8,720,340)	(129,324)	65,846	(8,783,818)	8,975,382	191,564
Income tax expense	(12,704)	(5,248)	(17,629)	(35,581)	-	(35,581)
<b>(Loss)/profit for the year</b>	<b>(8,733,044)</b>	<b>(134,572)</b>	<b>48,217</b>	<b>(8,819,399)</b>	<b>8,975,382</b>	<b>155,983</b>
<b>31 December 2022</b>						
<b>Summarised statement of cash flows</b>						
Net cash from operating activities	138,279	(24,271)	(36,128)	77,880	(30,142)	47,738
Net cash used in investing activities	(138,805)	75	36,424	(102,306)	31,603	(70,703)
Net cash used in financing activities	-	11,561	-	11,561	-	11,561
Net cash and cash equivalents	(526)	(12,635)	296	(12,865)	1,461	(11,404)
Cash and cash equivalents at 1 January	5,776	35,128	268	41,172	(23,885)	17,287
Effect of foreign exchange on foreign operation	-	-	-	-	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>5,250</b>	<b>22,493</b>	<b>564</b>	<b>28,307</b>	<b>(22,424)</b>	<b>5,883</b>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>19. Investment in associates</b>				
Japaul Infrastructure Limited (Note 19.1)	-	-	1,000	1,000
Japaul Energy Limited (Note 19.2)	-	-	4,300	4,300
	-	-	5,300	5,300
Impairment on investment in associates (Note 19.4)	-	-	(5,300)	(5,300)
	-	-	-	-
<b>Japaul Infrastructure Limited</b>				
At 1 January	-	-	1,000	1,000
Share of loss in associate	-	-	-	-
<b>At 31 December</b>	-	-	1,000	1,000
<b>Japaul Energy Limited</b>				
At 1 January	-	-	4,300	4,300
Share of loss in associate	-	-	-	-
<b>At 31 December</b>	-	-	4,300	4,300

### 19.1. Japaul Infrastructure Limited

Japaul Infrastructures Limited is a company incorporated in July 2012. It is domiciled in Nigeria and its principal operations is road and building construction. It is an associate of Japaul Oil & Maritime Services Plc as the company has 10% of its shareholding and controls its finance and operational policies therefore has significant influence in it.

### 19.2. Japaul Energy Limited

Japaul Energy Limited is a company incorporated in April 2011. It is domiciled in Nigeria and its principal operations are downstream operations of petroleum products and allied products. It is an associate of Japaul Oil & Maritime Services Plc as the company has 43% of its shareholding and therefore has significant influence in it.

### 19.3. Associates undertakings

Summarised financial information of the Group's principal associates are as follows:

	Total assets N'000	Total liabilities N'000	Gross profit/(loss) N'000	Profit /(Loss) before tax N'000
<b>31 December 2023</b>				
Japaul Infrastructure Limited	-	10,021	-	-
Japaul Energy Limited	-	3,284,503	-	-
<b>31 December 2022</b>				
Japaul Infrastructure Limited	-	10,021	-	-
Japaul Energy Limited	-	3,284,503	-	-

**19.4.** The investment in the two associate companies have been defunct. Thus, no operations in the year.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>20. Financial asset fair valued through OCI</b>				
Ordinary shares (2,578,699 units) fair value	-	22,563	-	22,563
Disposal	-	(22,563)	-	(22,563)
Fair value loss (Note 28.6)	-	-	-	-
<b>Market value at year end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>21. Inventories</b>				
Goods in transit	-	-	47,800	47,800
Impairment loss	-	-	(47,800)	(47,800)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>22. Trade and other receivables</b>				
Trade receivables	1,421,631	548,451	1,323,587	445,938
Lease rental receivable	44,739	44,739	44,739	44,739
Receivables from related parties (Note 30.1.2)	2,355,929	2,249,777	8,978,137	8,978,137
Prepayments	2,046	7,842	2,046	7,842
Staff debtors	1,443	6,694	1,443	6,694
Withholding tax recoverable	327,235	272,307	137,209	82,283
Other debit balances (Note 22.2)	1,616,775	1,521,819	1,616,775	1,521,819
	<b>5,769,798</b>	<b>4,651,629</b>	<b>12,103,936</b>	<b>11,087,452</b>
Impairment allowance (Note 22.1)	<b>(298,453)</b>	<b>(247,594)</b>	<b>(9,171,477)</b>	<b>(9,171,477)</b>
	<b>5,471,345</b>	<b>4,404,035</b>	<b>2,932,459</b>	<b>1,915,975</b>
<b>22.1. Impairment allowance movement:</b>				
At 1 January	247,594	247,594	9,171,477	193,340
Translation difference	-	(2,756)	-	-
Charge in the year (Note 12.4)	50,859	2,756	-	8,978,137
<b>At 31 December</b>	<b>298,453</b>	<b>247,594</b>	<b>9,171,477</b>	<b>9,171,477</b>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>
<b>22.2. Other debit balances</b>				
Investment- Bsmec Offshore Nig Ltd	8,880	8,880	8,880	8,880
Access Bank Working Capital	1,500,000	1,500,000	1,500,000	1,500,000
Other Non Trade Debtors	107,895	12,939	107,895	12,939
	<b>1,616,775</b>	<b>1,521,819</b>	<b>1,616,775</b>	<b>1,521,819</b>
<b>23. Cash and bank balances</b>				
Cash in hand	1,047	1,480	1,014	889
Cash at banks	172,782	42,083	46,531	35,672
	<b>173,829</b>	<b>43,563</b>	<b>47,545</b>	<b>36,561</b>
Impairment on dormant current accounts	(37,680)	(37,680)	(31,311)	(31,311)
	<b>136,149</b>	<b>5,883</b>	<b>16,234</b>	<b>5,250</b>
<b>At 31 December</b>	<b>37,680</b>	<b>37,680</b>	<b>31,311</b>	<b>31,311</b>
<b>24. Trade and other payables</b>				
Trade payables	679,124	738,915	517,911	562,148
Payables to related parties (Note 30.2)	1,382,463	1,279,066	3,069,476	3,255,087
Other payables	3,405,751	3,417,378	355,486	367,528
Withholding tax, VAT, PAYE, etc.	330,412	246,736	244,677	170,534
Accruals	2,102	2,102	2,102	2,102
Advance rent received	96,064	78,228	96,064	78,228
	<b>5,895,916</b>	<b>5,762,425</b>	<b>4,285,716</b>	<b>4,435,627</b>



# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>
<b>25. Long term employee benefits</b>				
Defined contribution plan (Note 25.1)	<b>186,344</b>	187,863	<b>129,275</b>	132,272
Defined benefit plan (Note 25.2)	<b>72,621</b>	73,507	<b>42,516</b>	43,402
	<b>258,965</b>	261,370	<b>171,791</b>	175,674
<b>25.1. Movement in defined contribution pension plan:</b>				
At 1 January	<b>187,863</b>	197,047	<b>132,272</b>	147,753
Deductions (Note 12.1)	<b>14,069</b>	12,044	<b>11,407</b>	9,992
Remittances	<b>(15,588)</b>	(21,228)	<b>(14,404)</b>	(25,473)
<b>At 31 December</b>	<b>186,344</b>	187,863	<b>129,275</b>	132,272
<b>25.2. Movement in defined benefit plan:</b>				
At 1 January	<b>73,507</b>	73,395	<b>43,402</b>	43,289
Payment during the year	-	-	-	-
Re-measurement (loss)/gain	<b>(886)</b>	112	<b>(886)</b>	113
<b>At 31 December</b>	<b>72,621</b>	73,507	<b>42,516</b>	43,402

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 26. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks, see note 5.

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>Borrowings (Note 26.2)</b>	<b>3,096,726</b>	<b>1,469,662</b>	<b>3,096,726</b>	<b>1,469,662</b>
<b>26.1. Analysis of borrowings:</b>				
Quin Mcgrath Limited	2,286,758	1,045,367	2,286,758	1,045,367
GTI Capital Limited	704,273	318,600	704,273	318,600
Others	105,695	105,695	105,695	105,695
	<b>3,096,726</b>	<b>1,469,662</b>	<b>3,096,726</b>	<b>1,469,662</b>

#### 26.1.1 Heritage Bank Limited

The company was involved in the sale of commodity (gold dore bars) covered by a forward contract with Quinn Mcgrath Limited in which Quinn Mcgrath made a prepayment of \$2.16 million guaranteed by Heritage Bank for a period of 60 days in which the company is expected to have executed the contract. The company defaulted in executing the contract within the stipulated period thereby making the guarantee to crystallise and made the total amount to become a debt immediately and payable by the company. This amount (N2.28 billion) is the total outstanding at the end of the financial year.

#### 26.1.2. GTI Capital Limited

The company invested a sum of N180 million in Gold Mutually-Managed Investment Program (MMIP) for which it is entitled to a guaranteed yield of 20% return on its investment in the sum of N36 million, exclusive of the principal investment sum for the initial term created and paid in equal monthly installments on or before the termination of the initial terms. The investment is for a term of 60 days; and it is expected to be deployed by Japaul Gold and Venture Plc for the evacuation of Gold Dore Bars to vault and to designated buyers in Nigeria, Dubai and Italy. During the year, an additional **N270m** loan was received from GTI Capital Limited

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>26.2 Movement in borrowings</b>				
At 1 January	1,469,662	-	1,469,662	-
Additions	385,673	1,239,695	385,673	1,239,695
Effective interest/translation adjustment	1,241,391	229,967	1,241,391	229,967
<b>At 31 December</b>	<b>3,096,726</b>	<b>1,469,662</b>	<b>3,096,726</b>	<b>1,469,662</b>
<b>26.2.1. Analysis of borrowings</b>				
Current portion	3,096,726	1,469,662	3,096,726	1,469,662
Non-current	-	-	-	-
	<b>3,096,726</b>	<b>1,469,662</b>	<b>3,096,726</b>	<b>1,469,662</b>
<b>27. Lease liability</b>				
Access Bank Plc. (Note 27.2)	4,567,750	4,567,750	4,567,750	4,567,750

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 27.1. Access Bank Plc.

As part of the settlement agreement entered into by the Company with Access bank in 2019, two dredgers JDXII & JDX III with registration numbers SR 2525 & SR 2526 respectively taken over by the bank were released back to the Company for 6 years with 1 year moratorium on rental payment on or before 31 January 2021 to 30 January 2026 with equal annual repayment of N1 billion each.

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>
<b>27.2. Movement in finance lease facilities</b>				
<b>At 31 December</b>	<b><u>4,567,750</u></b>	<b><u>4,567,750</u></b>	<b><u>4,567,750</u></b>	<b><u>4,567,750</u></b>
	-	-	-	-
<b>27.3. Analysis of finance lease facilities</b>				
Current portion	-	1,000,000	-	-
Non-current	<b><u>4,567,750</u></b>	<b><u>3,567,750</u></b>	<b><u>4,567,750</u></b>	<b><u>4,567,750</u></b>
	<b><u>4,567,750</u></b>	<b><u>4,567,750</u></b>	<b><u>4,567,750</u></b>	<b><u>4,567,750</u></b>
<b>28. Share capital and reserves</b>				
<b>Ordinary shares</b>				
<b>28.1. Authorised:</b>				
7,000,000,000 ordinary shares of 50k each	<b><u>3,500,000</u></b>	<b><u>3,500,000</u></b>	<b><u>3,500,000</u></b>	<b><u>3,500,000</u></b>
<b>28.2. Issued and fully paid:</b>				
6,262,701,716 ordinary shares of 50k each				
<b>At 31 December</b>	<b><u>3,131,350</u></b>	<b><u>3,131,350</u></b>	<b><u>3,131,350</u></b>	<b><u>3,131,350</u></b>

In line with the Company's regulations of 2020 released by the Coporate Affairs Commision in December 2020, a company that has unissued shares in its capital shall, not later than 31 December 2022, fully issued such shares.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>
<b>28.3. Share premium</b>				
<b>At 31 December</b>	<b><u>16,440,679</u></b>	<u>16,440,679</u>	<b><u>16,440,679</u></b>	<u>16,440,679</u>
<b>28.4. Loss sustained</b>				
At 1 January	(19,698,268)	(19,854,250)	(22,387,436)	(13,654,392)
Transfer of fair value reserve of equity investment at fair value through other comprehensive income	-	-	-	-
(Loss)/profit for the year	<u>(674,044)</u>	<u>155,982</u>	<u>(399,925)</u>	<u>(8,733,044)</u>
<b>At 31 December</b>	<b><u>(20,372,312)</u></b>	<u>(19,698,268)</u>	<b><u>(22,787,361)</u></b>	<u>(22,387,436)</u>
Loss sustained represent the carried forward recognised loss net of expenses plus current year loss attributable to shareholders.				
<b>28.5. Remeasurement reserve</b>				
<b>At 31 December</b>	<b><u>(195)</u></b>	<u>(195)</u>	<b><u>(22)</u></b>	<u>(22)</u>
Remeasurement reserves represent the carried forward recognised in other comprehensive income/(loss) on actuarial gain/(loss) plus current year .				
<b>28.6. Fair value reserve</b>				
At 1 January	-	-	-	-
Fair value loss for the year(Note 20.1)	-	-	-	-
Transfer to retained earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December</b>	<b><u>-</u></b>	<u>-</u>	<b><u>-</u></b>	<u>-</u>

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>29. Reconciliation of net cash from operating activities</b>				
<b>Net (loss)/profit after tax</b>	<b>(674,044)</b>	155,982	<b>(399,925)</b>	(8,733,044)
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>				
Finance costs	-	-	-	-
Finance income	-	-	-	-
Depreciation of property, plant and equipment	273,801	278,338	104,210	107,370
Depreciation of leased assets	250,000	250,000	250,000	250,000
Fair value gain	-	-	-	-
Adjustment to property, plant and equipment	-	(146,983)	-	441,438
Exchange loss on revaluation of foreign loan	1,241,391	-	1,241,391	-
Defined contribution charged	(1,519)	(12,463)	(2,997)	(15,690)
Current service costs	(886)	-	(886)	-
Interest costs	-	-	-	-
Effect of settlement (Note 12.1)	-	-	-	-
Loss/(profit) on disposal of property, plant and	666	(110,967)	3,966	(42,865)
Provision no longer required	-	(318,941)	-	(336,880)
<b>Changes in assets and liabilities:</b>				
Changes in trade and other receivables	(1,067,310)	-	(1,016,484)	8,464,334
Changes in trade and other payables	133,491	(75,086)	(149,911)	(1,892)
Changes in current income tax liability	46,521	27,858	45,205	5,505
<b>Total adjustments</b>	<b>876,155</b>	(108,244)	<b>474,494</b>	8,871,320
<b>Cash flows from operating activities</b>	<b>202,111</b>	47,738	<b>74,569</b>	138,276

### 30. Related party transactions/balances

During the year, the Group had significant business dealings with other companies that have common directors with the Company and those that are members of the Group. Details of these are described below:

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>30.1. Amount due from related companies:</b>				
<b>30.1.1. Amount due from subsidiary companies</b>				
Japaul Shipping & Offshore Services Ltd	577,673	788,978	4,144,361	4,144,361
Japaul Mines & Products Limited	14,073	11,317	4,659,795	4,659,795
Japaul Dredging	134,434	134,434	-	-
	<b>726,180</b>	934,729	<b>8,804,156</b>	8,804,156

Amount due from subsidiaries companies have been eliminated at group level.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>30.1.2 Amount due from associate companies</b>				
Japaul Infrastructure Limited	897,290	897,290	-	-
Japaul Energy Limited	732,459	417,758	173,981	173,981
	<u>1,629,749</u>	<u>1,315,048</u>	<u>173,981</u>	<u>173,981</u>
<b>Total amount due from related companies</b>	<u><b>2,355,929</b></u>	<u><b>2,249,777</b></u>	<u><b>8,978,137</b></u>	<u><b>8,978,137</b></u>

### 30.2 Amount due to related companies:

#### 30.2.1 Amount due to subsidiary companies

Japaul Shipping & Offshore Services Ltd	107,457	107,457	2,222,049	2,407,660
Japaul Mines & Products Limited	409,827	375,325	161,264	161,264
Japaul Dredging	741,318	672,423	582,302	582,302
	<u>1,258,602</u>	<u>1,155,205</u>	<u>2,965,615</u>	<u>3,151,226</u>

#### 30.2.2 Amount due to associate companies

Japaul Energy Limited	123,861	123,861	103,861	103,861
<b>Total amount due to related companies</b>	<u><b>1,382,463</b></u>	<u><b>1,279,066</b></u>	<u><b>3,069,476</b></u>	<u><b>3,255,087</b></u>

### 30.3 Analysis of related party transactions Company only

Name	Nature of transaction	2023 N'000	2022 N'000
Japaul Offshore & Shipping Ltd	Intercompany receivables	1,922,312	1,736,701
Japaul Mines & Products Ltd	Intercompany receivables	4,498,531	4,498,531
Japaul Energy Ltd	Intercompany receivables	70,120	70,120

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>31 Information regarding directors and employees</b>				
<b>31.1 Directors' emoluments comprise:</b>				
Fees:				
- Chairman	3,000	3,000	3,000	3,000
- Other Directors	6,195	2,715	6,195	2,715
Other emoluments as executives	23,911	19,671	23,911	19,671
	<u>33,106</u>	<u>25,386</u>	<u>33,106</u>	<u>25,386</u>
Chairman	3,000	3,000	3,000	3,000
Highest paid director	-	-	-	-

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> Number	2022 Number	<b>2023</b> Number	2022 Number
<b>31.2 Employees</b>				
Average number of persons employed during the year:				
Management	9	7	8	5
Administration	21	41	17	36
Others	56	56	40	30
	<u>86</u>	<u>104</u>	<u>65</u>	<u>71</u>
<b>31.3 The number of employees with gross emoluments within the following bands were:</b>				
<b>N</b>	<b>N</b>			
Up to - 1,000,000	36	63	19	39
1,000,001 - 2,000,000	22	24	16	20
2,000,001 - 3,000,000	24	6	19	3
3,000,001 - 4,000,000	3	5	3	5
4,000,001 - 5,000,000	2	4	2	2
5,000,001 - 6,000,000	2	1	2	1
6,000,001 and above	5	1	4	1
	<u>94</u>	<u>104</u>	<u>65</u>	<u>71</u>
	<b>N'000</b>	N'000	<b>N'000</b>	N'000
<b>31.4 Employees' costs:</b>				
Salaries, wages and allowances	201,627	160,636	170,425	135,607
Contributions to pension fund scheme	14,069	12,044	11,407	9,992
Training, recruitment and canteen expenses	1,637	1,138	1,381	949
Medical expenses	522	1,600	344	1,600
Other personnel expenses	18,932	3,035	18,132	3,035
	<u>236,787</u>	<u>178,453</u>	<u>201,689</u>	<u>151,183</u>

### 32 Events after statement of financial position date

The Directors are of the opinion that no other events or transactions have occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be mentioned in the financial statements in the interests of fair presentation of the company's financial position as at the reporting date or its result for the year then ended.

# JAPPAUL GOLD & VENTURES PLC

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### **33. Contingent liabilities**

There were contingent liabilities at 31 December 2023 amounting to **N338m** and **\$143,865** in respect of legal claims made against the group. The Board of Directors is of the opinion that no liabilities will crystallise, and therefore no provision is made in these consolidated financial statements.

### **34. Comparative figures**

Certain comparative figures in these financial statements have been restated to give a more meaningful comparison.



# JAPPAUL GOLD & VENTURES PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

**Other National Disclosures**

# JAPPAUL GOLD & VENTURES PLC

## CONSOLIDATED AND SEPARATE STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group				The Company			
	31-Dec-23 N'000	%	31-Dec-22 N'000	%	31-Dec-23 N'000	%	31-Dec-22 N'000	%
Turnover	2,577,965		1,360,538		2,346,439		1,186,676	
Other income	136,356		530,706		127,711		454,447	
	<u>2,714,321</u>		<u>1,891,244</u>		<u>2,474,150</u>		<u>1,641,123</u>	
Bought-in-material and services:								
- Local	(2,825,755)		(2,861,469)		(2,520,121)		(9,872,942)	
- Imported	-		-		-		-	
<b>Value added/(eroded)</b>	<u><b>(111,434)</b></u>	<u><b>(100)</b></u>	<u><b>(970,225)</b></u>	<u><b>(100)</b></u>	<u><b>(45,971)</b></u>	<u><b>(100)</b></u>	<u><b>(8,231,819)</b></u>	<u><b>(100)</b></u>
<b>Applied as follows:-</b>								
<b>To pay employees:</b>								
- Salaries, wages and other staff costs	236,787	212	178,453	18	201,689	440	151,183	2
<b>To pay Government:</b>								
- Corporate income tax	52,022	47	35,581	4	48,055	105	12,704	1
<b>To pay providers of capital:</b>								
- Interest on borrowings	-	-	229,967	24	-	-	229,967	3
<b>To provide for replacement of assets dividend to shareholders and development of business</b>								
- Depreciation of property, plant and equipment	273,801	246	370,242	38	104,210	225	107,371	1
- Depreciation of assets under finance lease	-	-	-	-	-	-	-	-
- Deferred tax on property, plant and equipment	-	-	-	-	-	-	-	-
- Loss for the year	(674,044)	(605)	155,982	16	(399,925)	(870)	(8,733,044)	(107)
<b>Value (eroded)/added</b>	<u><b>(111,434)</b></u>	<u><b>(100)</b></u>	<u><b>970,225</b></u>	<u><b>100</b></u>	<u><b>(45,971)</b></u>	<u><b>(100)</b></u>	<u><b>(8,231,819)</b></u>	<u><b>(100)</b></u>

Value (eroded)/added represents the additional wealth which the Group and the company have been able to (utilise)/create by its own and its employees effort. The statements shows the allocation of that wealth among the employees, capital providers, Government and that retained for creation of more wealth.

# JAPPAUL GOLD & VENTURES PLC

## FINANCIAL SUMMARY - COMPANY

31 DECEMBER

	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
<b>Statement of financial position</b>					
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2,652,151	2,311,071	2,236,770	3,211,153	3,678,785
Assets under finance lease	4,250,000	4,500,000	4,750,000	5,000,000	5,000,000
Investment in subsidiaries	40,000	40,000	40,000	40,000	40,000
Investment in associates	-	-	-	-	-
Financial assets fair value through other comprehensive income	-	-	-	22,563	25,786
<b>Total non-current assets</b>	<b>6,942,151</b>	<b>6,851,071</b>	<b>7,026,770</b>	<b>8,273,716</b>	<b>8,744,571</b>
<b>Current assets</b>					
Inventories	-	-	-	-	-
Trade and other receivables	2,932,459	1,915,975	10,484,869	10,486,959	18,191,479
Cash and bank balances	16,234	5,249	5,776	16,082	1,028
<b>Total current assets</b>	<b>2,948,693</b>	<b>1,921,224</b>	<b>10,490,645</b>	<b>10,503,041</b>	<b>18,192,507</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Bank overdrafts	-	-	-	-	-
Trade and other payables	4,285,716	4,435,626	4,437,518	4,166,977	11,379,904
Current portion of long term borrowings	3,096,726	1,469,662	1,469,662	-	-
Defined contribution pension plan	129,275	132,272	147,962	147,753	146,212
Current income tax liability	74,330	29,125	23,620	22,852	78,620
<b>Total current liabilities</b>	<b>7,586,047</b>	<b>6,066,685</b>	<b>6,078,762</b>	<b>4,337,582</b>	<b>11,604,736</b>
<b>Net current (liabilities)/assets</b>	<b>(4,637,354)</b>	<b>(4,145,461)</b>	<b>4,411,883</b>	<b>6,165,459</b>	<b>6,587,771</b>
<b>Non-current liabilities</b>					
Defined benefit pension plan	42,516	43,402	43,402	43,289	42,604
Finance lease facility	4,567,750	4,567,750	4,567,750	4,567,750	5,000,000
Long term borrowings	-	-	-	-	-
Deferred income tax liability	909,886	909,886	909,886	909,886	909,886
<b>Total non-current liabilities</b>	<b>5,520,152</b>	<b>5,521,038</b>	<b>5,521,038</b>	<b>5,520,925</b>	<b>5,952,490</b>
<b>Net (liabilities)/assets</b>	<b>(3,215,355)</b>	<b>(2,815,428)</b>	<b>5,917,615</b>	<b>8,918,250</b>	<b>9,379,852</b>
<b>Equity</b>					
Share capital	3,131,350	3,131,350	3,131,350	3,131,350	3,131,350
Share premium	16,440,679	16,440,679	16,440,679	16,440,679	16,440,679
Loss sustained	(22,787,361)	(22,387,435)	(13,654,392)	(10,662,367)	(9,534,320)
Remeasurement reserve	(22)	(22)	(22)	(22)	(22)
AFS fair value reserve	-	-	-	8,610	11,833
Foreign exchange reserve	-	-	-	-	(669,668)
<b>Shareholder fund</b>	<b>(3,215,355)</b>	<b>(2,815,428)</b>	<b>5,917,615</b>	<b>8,918,250</b>	<b>9,379,853</b>
<b>Statement of profit or loss and other comprehensive income</b>					
<b>Turnover</b>	<b>2,346,439</b>	<b>1,186,676</b>	<b>226,439</b>	<b>185,203</b>	<b>85,853</b>
<b>Gross profit/(loss)</b>	<b>1,223,405</b>	<b>160,756</b>	<b>(399,463)</b>	<b>(274,637)</b>	<b>(968,639)</b>
Other income	127,711	454,447	89,910	330,905	43,706,115
Administrative expenses	(461,595)	(9,335,541)	(2,458,449)	(488,665)	(771,585)
<b>Operating (loss)/profit</b>	<b>889,521</b>	<b>(8,720,338)</b>	<b>(2,768,002)</b>	<b>(432,397)</b>	<b>41,965,891</b>
Net finance costs	(1,241,391)	-	(229,944)	(3,261)	(1,208,147)
<b>(loss)/profit before taxation</b>	<b>(351,870)</b>	<b>(8,720,338)</b>	<b>(2,997,946)</b>	<b>(435,658)</b>	<b>40,757,744</b>
Income tax expense	(48,055)	(12,704)	(768)	(1,337)	(69,870)
<b>(Loss)/profit for the year</b>	<b>(399,925)</b>	<b>(8,733,042)</b>	<b>(2,998,714)</b>	<b>(436,995)</b>	<b>40,687,874</b>
<b>Per share data:</b>					
Basic (loss)/earnings	(6)	(139)	(48)	(18)	650
Net (liabilities)/assets	(51)	(45)	94	142	150

(Loss)/earnings per share are based on (loss)/profit after tax attributable to ordinary shareholders divided by the issued and fully paid ordinary shares at the end of each financial year.

Net (liabilities)/assets per share are based on net (liabilities)/assets divided by the issued and fully paid ordinary shares at the end of each financial year.

# JAPPAUL GOLD & VENTURES PLC

## FINANCIAL SUMMARY - GROUP

31 DECEMBER

	2023	2022	2021	2020	2019
	N'000	N'000	N'000	N'000	N'000
<b>Statement of financial position</b>					
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4,458,641	4,287,151	4,491,851	5,653,473	7,419,934
Assets under finance lease	4,250,000	4,500,000	4,750,000	5,000,000	5,000,000
Financial assets fair value through other comprehensive income	-	-	-	22,563	25,786
<b>Total non-current assets</b>	<b>8,708,641</b>	<b>8,787,151</b>	<b>9,241,851</b>	<b>10,676,036</b>	<b>12,445,720</b>
<b>Current assets</b>					
Inventories	-	-	-	-	12,527
Trade and other receivables	5,471,345	4,404,035	3,830,079	4,878,841	10,658,114
Cash and bank balances	136,149	5,883	17,287	51,493	255,716
<b>Total current assets</b>	<b>5,607,494</b>	<b>4,409,918</b>	<b>3,847,366</b>	<b>4,930,334</b>	<b>10,926,357</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Bank overdrafts	-	11,561	-	-	381,118
Trade and other payables	5,895,916	5,762,425	5,837,511	6,736,906	11,869,817
Loans and borrowings	3,096,726	1,469,662	200,326	197,047	192,227
Finance lease facility	-	-	1,469,662	-	-
Defined contribution pension plan	186,344	187,863	1,000,000	-	-
Current income tax liability	330,880	284,359	256,501	239,710	198,580
<b>Total current liabilities</b>	<b>9,509,866</b>	<b>7,715,870</b>	<b>8,764,000</b>	<b>7,173,663</b>	<b>12,641,742</b>
<b>Net current liabilities</b>	<b>(3,902,372)</b>	<b>(3,305,952)</b>	<b>(4,916,634)</b>	<b>(2,243,329)</b>	<b>(1,715,385)</b>
<b>Non-current liabilities</b>					
Defined benefit plan	72,621	73,507	73,507	73,395	72,709
Finance lease facility	4,567,750	4,567,750	-	-	-
Loans and borrowings	-	-	3,567,750	4,567,750	5,000,000
Deferred income tax liability	966,376	966,376	966,376	966,376	966,376
<b>Total non-current liabilities</b>	<b>5,606,747</b>	<b>5,607,633</b>	<b>4,607,633</b>	<b>5,607,521</b>	<b>6,039,085</b>
<b>Net (liabilities)/assets</b>	<b>(800,478)</b>	<b>(126,434)</b>	<b>(282,416)</b>	<b>2,825,186</b>	<b>4,691,250</b>
<b>Equity</b>					
Share capital	3,131,350	3,131,350	3,131,350	3,131,350	3,131,350
Share premium	16,440,679	16,440,679	16,440,679	16,440,679	16,440,679
Loss sustained	(20,372,312)	(19,698,268)	(19,854,250)	(16,755,258)	(14,903,741)
Re-measurement reserve	(195)	(195)	(195)	(195)	(195)
AFS fair value reserve	-	-	-	8,610	11,833
Foreign exchange reserve	-	-	-	-	1,269,714
Non-controlling interest	-	-	-	-	(1,258,390)
<b>Shareholders fund</b>	<b>(800,478)</b>	<b>(126,434)</b>	<b>(282,416)</b>	<b>2,825,186</b>	<b>4,691,250</b>
<b>Statement of profit or loss and other comprehensive income</b>					
<b>Turnover</b>	<b>2,577,965</b>	<b>1,360,538</b>	<b>434,052</b>	<b>689,643</b>	<b>725,472</b>
<b>Gross profit/(loss)</b>	<b>1,058,982</b>	<b>74,664</b>	<b>(505,801)</b>	<b>(318,089)</b>	<b>(943,393)</b>
Other income	136,356	530,706	152,231	610,401	43,816,132
Administrative expenses	(575,969)	(413,806)	(2,505,114)	(1,118,749)	(635,838)
<b>Operating (loss)/earning</b>	<b>619,369</b>	<b>191,564</b>	<b>(2,858,684)</b>	<b>(826,437)</b>	<b>42,236,901</b>
Net finance costs	(1,241,391)	-	(229,869)	(3,249)	(1,208,147)
<b>(Loss)/profit before taxation</b>	<b>(622,022)</b>	<b>191,564</b>	<b>(3,088,553)</b>	<b>(829,686)</b>	<b>41,028,754</b>
Income tax expense	(52,022)	(35,581)	(17,128)	(167,059)	(111,457)
<b>(Loss)/profit for the year</b>	<b>(674,044)</b>	<b>155,983</b>	<b>(3,105,681)</b>	<b>(996,745)</b>	<b>40,917,297</b>
<b>Per share data:</b>					
Basic (loss)/earnings	(11)	2	(16)	653	(105)
Net (liabilities)/assets	(13)	(2)	(5)	45	75

(Loss)(earnings) per share are based on profit/(loss) after tax attributable to ordinary shareholders divided by the issued and fully paid ordinary shares at the end of each financial year.

Net (liabilities)/assets per share are based on net (liabilities)/ assets divided by the issued and fully paid ordinary shares at the end of each financial year.