RONCHESS GLOBAL RESOURCES PLC

AUDITED FINANCIAL STATEMENTS
2023

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CORPORATE INFORMATION

Board of Directors	Nationality	Designation
Adeolu Adeboye	Nigerian	Chairman
Niyi Ogunnowo	Nigerian	Vice Chairman
Ukuevo Jackson	Nigerian	Managing Director
Okafor Akalaka	Nigerian	Independent Non-Executive Director
Temitope Adeboye	Nigerian	Independent Non-Executive Director
Tope Adebosin	Nigerian	Non-Executive Director
Leon Kelly	American	Independent Non-executive Director
Josephine Ukuevo	Nigerian	Non-Executive Director

RC NUMBER: 771515

NATURE OF BUSINESS: Construction

REGISTERED OFFICE:
179A Moshood Olugbani Street,
Victoria Island,
Lagos

INDEPENDENT AUDITORS:
Shelze Professional Services
7, Edward Hotunu Street,
Lekki Phase 1,
Lagos

BANKERS:
Access Bank
Ecobank
FCMB
Fidelity Bank
Guaranty Trust Bank Plc,
Keystone Bank
Sterling Bank
Parallex Bank
Polaris Bank
Providus Bank
Uba
Union Bank
Zenith Bank Plc

DIRECTORS' REPORT

The Directors submit herewith their report together with the audited financial statements of RONCHESS GLOBAL RESOURCES PLC (the "Company") for the year ended 31 December, 2023.

LEGAL FORM

RONCHESS GLOBAL RESOURCES PLC was incorporated on the 5th of September, 2008. In 2021, the Company converted to a public limited liability company and its shares became listed on the Nigerian Stock Exchange.

PRINCIPAL ACTIVITIES

The company is engaged in the business of Road Marking and Construction.

OPERATING RESULTS

The following is a summary of the Company's operating results:

	2023 ₦'000	2022 ₦'000
Revenue	3,623,161	8,835,700
Cost of sales	(7,282,072)	(4,429,832)
Gross profit	**(3,658,911)**	**4,405,868**
Impairment loss on trade receivables	(122,098)	(379,669)
Administrative expenses	(2,128,159)	(2,515,551)
Operating Profit/(Loss)	**(5,909,168)**	**1,510,648**

DIRECTORS AND THEIR INTERESTS

The names of the present Directors are detailed on page 1. None of the Directors has notified the Company for the purpose of section 303 of the Companies and Allied Matters Act 2020 of any interest in contracts with which the Company was involved during the period under review.

SHAREHOLDERS AND SHAREHOLDING

The names of the shareholders and their allotted shareholdings are as follows:

	Number of Ordinary Shares of ₦1 each	
Share Range	**% Holding**	**2023**
1 - 50,000,000	29.90%	20,200,000
50,000,001-100,000,000	70.10%	70,800,000
	100%	**91,000,000**

PROPOSED DIVIDEND

The directors did not recommend the payment of any dividend to shareholders for the year ended 31 December 2023.

AUTHORIZED SHARE CAPITAL

The authorized share capital of the Company as at 31 December 2023 is N91,000,000 dividends into 91,000,000 ordinary shares of ₦1 each.

EMPLOYMENT AND EMPLOYEES

(a) Employment of physically challenged persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from persons with disability. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him or her to any disadvantage in his or her career development. As at 31 December 2023, the Company has no disabled persons in its employment.

(b) Health, safety and welfare at work

Arrangements are made for adequate security and protection of staff in the Company's premises while necessary safety regulations are complied with in order to facilitate the safety of employees of the Company at all times.

(c) Employee involvement and training

The Company provides facilities for regular on the job training for staff. Regular consultative meetings are held by management to keep members of staff abreast with developments within the company as well as its plans and achievements.

EVENTS AFTER REPORTING PERIOD

There is no event after the reporting date that could have a material effect on the state of affairs of the Company as at 31 December 2023.

Whistle Blowing

The Company is committed to conducting its affairs ethically and responsibly. Unethical behaviours cost the Company money, time, human resources and can negatively affect the Company's reputation before its stakeholders.

AUDITORS

Shelze Professional Services having satisfied the relevant corporate governance rules on their tenure in office has indicated their willingness to continue in office as Auditors to the Company. In accordance with Section 401 of the Companies and Allied Matters Act 2020 therefore, the auditors will be reappointed at the next annual general meeting of the Company without any resolution being passed.

A resolution will be proposed authorizing the Directors to determine their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS

Christopher Egba Oruete
Company Secretary
NBA: SC01719
Ronchess Global Resources Plc
Lagos, Nigeria
28 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors of **RONCHESS GLOBAL RESOURCES PLC** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the company as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS"), the Companies and Allied Matters Act 2020 and in the manner required by the Financial Reporting Council of Nigeria Act, 2023.

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

- designing, implementing and maintaining an effective and sound system of internal controls throughout the company;
- maintaining adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, and which enable them to ensure that the financial statements of the company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the company;
- preventing and detecting fraud and other irregularities;
- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance; and
- making an assessment of the entity's ability to continue as a going concern.

Going Concern:
The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the company will not remain a going concern in the year ahead.

Signed on behalf of
RONCHESS GLOBAL RESOURCES PLC

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Ukuevo Jackson	**Oluwakemi Akinloye**
Chief Executive Officer	Chief Financial Officer
FRC/2024/PRO/DIR/003/503251	FRC/2019/ICAN/0000001993

Shareholding Structure/Free Float Status

Description	31-Dec-23		31-Dec-22	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	91,000,000	100%	91,000,000	100%
Substantial Shareholdings (5% and above)				
Jackson Ukuevo	63,791,000	70.10%	63,791,000	70.10%
Josephine Ukuevo	14,378,000	15.80%	14,378,000	15.80%
Others	12,831,000	14.10%	12,831,000	14.10%
Total Substantial Shareholdings	91,000,000	100.00%	91,000,000	100.00%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
	--	--	--	--
		0.00%		0.00%
	--	--	--	--
Total Directors' Shareholdings	0	0.00%	0	0.00%
Other Influential Shareholdings				
		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
Free Float in Units and Percentage	0	0.00%	0	0.00%
Free Float in Value		₦ 0.00		₦ 0.00

Declaration:

(A) Ronchess Global Plc with a free float percentage of 14.1% as at 31 December 2023, is compliant with the Exchange's free float requirements for companies listed on the Growth Board.

(B) Ronchess Global Resources Plc with a free float value of N12,831,000. as at 31 December 2023, is compliant with the Exchange's free float requirements for companies listed on the Growth Board.

Shelze
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Ronchess Global Resources Plc
Report of the Audit of the financial statements

Opinion
We have audited the accompanying financial statements of **Ronchess Global Resources Plc** which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, statement of changes in equity, statement of cash flow for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of **Ronchess Global Resources Plc** at 31 December, 2023 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act, 2023.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information
The directors are responsible for the other information. The other information comprises the director's report, which we obtained prior to the date of this auditor's report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020, Financial Reporting Council Act, 2023 and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- 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 relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the company's 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 company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements
In accordance with the Sixth Schedule of Companies and Allied Matters Act 2020 we expressly state that:

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

For: Shelze Professional Services
Chartered Accountants
Lagos, Nigeria
29 April 2024

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0551059

Engagement Partner: David Apaflo, FCA
FRC/2014/PRO/00000007739

STATEMENT OF FINANCIAL POSITION

Assets	Notes	2023 ₦'000	2022 ₦'000
Non-current assets			
Property, plant and equipment	18	5,756,435	6,530,544
Investments	19	795,277	
Total non-current assets		**6,551,712**	**6,530,544**
Current assets			
Cash & cash equivalents	9	25,519	38,631
Trade and other receivables	10	2,668,881	14,338,257
Prepayments	11	-	-
Total current assets		**2,694,400**	**14,376,888**
Total assets		**9,246,112**	**20,907,432**
Equity and liabilities			
Equity			
Share capital	14	91,000	91,000
Revaluation reserve		4,449,363	5,359,285
Retained earnings		2,608,450	13,898,920
Total equity		**7,148,813**	**19,349,205**
Total non-current liabilities		-	-
Current liabilities			
Trade and other payables	12	412,042	249,007
Bank overdraft	16	1,041,583	190
Income tax payable	8	-	-
Borrowings	13	643,674	1,309,030
Total current liabilities		**2,097,299**	**1,558,227**
Total equity and liabilities		**9,246,111**	**20,907,432**

These financial statements were approved by the Directors and signed on its behalf by:

Oluwakemi Akinloye
Chief Financial Officer
FRC/2019/ICAN/0000001993

Ukuevo Jackson
Chief Executive Officer
FRC/2024/PRO/DIR/003/503251

Adeolu Adeboye
Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 ₦'000	2022 ₦'000
Revenue	4	3,623,161	8,835,700
Cost of sales	5	(7,282,072)	(4,429,832)
Gross profit		**(3,658,911)**	**4,405,868**
Impairment loss on trade receivables	10a	(122,098)	(379,669)
Administrative expenses	7	(2,128,159)	(2,515,551)
Operating profit		**(5,909,168)**	**1,510,648**
Other income	6	481	33,142
Finance cost	15	(595,948)	(275,905)
Profit/(loss) before tax		**(6,504,635)**	**1,267,885**
Income tax expense	8		(234,000)
Profit for the year		**(6,504,635)**	**1,033,885**
Other comprehensive income			
Exchange gains	6	-	-
Gain on revaluation		-	4,129,205
Total comprehensive income		**(6,504,635)**	**5,163,090**
Earnings per share	17	**(71.5)**	**11.4**

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Revaluation Reserves	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**
At 1 January 2023	91,000	13,898,920	5,359,285	19,349,205
Additions				-
Depreciation expense of revalued assets			(909,922)	(909,922)
Prior year adjustments		(4,785,835)		(4,785,835)
Profit/(loss) for the year		(6,504,635)		(6,504,635)
Balance at 31 December 2023	**91,000**	**2,608,450**	**4,449,363**	**7,148,813**
At 1 January 2022	91,000	12,865,035	1,230,080	14,186,115
Additions	-	-	4,129,205	4,129,205
Profit/(loss) for the year	-	1,033,885	-	1,033,885
Balance at 31 December 2022	**91,000**	**13,898,920**	**5,359,285**	**19,349,205**

STATEMENT OF CASHFLOWS

	2023 ₦'000	2022 ₦'000
Operating Activities		
Profit/(Loss) after tax	(6,504,635)	1,033,885
Adjustments for non-cash items		
Depreciation of property, plant and equipment	18,058	698,806
Exchange gain		-
Finance cost	-	275,905
Tax provision	-	234,000
Prior year adjustment	(4,785,835)	
Impairment loss on trade receivables	-	379,669
Cashflow from operating activities before changes in working capital	**(11,272,412)**	**2,622,265**
Movement in working capital		
Increase/decrease in current assets	11,669,376	(1,579,102)
Increase/decrease in current liabilities	163,035	(3,026,644)
	(559,999)	**(1,983,481)**
Cash generated from operations		
Tax paid	-	-
Cash generated from operating activities	**(559,999)**	**(1,983,481)**
Investing Activities		
Property, plant and equipment	(153,871)	(148,752)
Investment	(795,277)	
Net Cash generated from Investing Activities	**(949,148)**	**(148,752)**
Financing Activities		
Proceeds of ordinary share capital		-
Interest paid		(275,905)
Proceeds from borrowings	(665,356)	437,800
Net cash generated from financing activities	**(665,356)**	**161,895**
Net increase in cash and cash equivalent	(1,054,505)	(1,970,338)
Cash at the beginning of the year	38,441	2,008,779
Cash at the end of the year	**(1,016,064)**	**38,441**
Represented by:		
Cash Balance	25,519	38,631
Bank Overdraft	(1,041,583)	(190)
	(1,016,064)	**38,441**

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

1.1 Presentation of Financial Statement

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies and Allied Matters Act 2020.

These financial statements were also prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value). Historical cost is generally based on the consideration given in exchange for assets.

1.2 Going Concern

The financial statements have been prepared on a going concern basis. The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the company will not remain a going concern in the Half year ahead.

2.0 Basis of Preparation

The financial statements have been prepared on a historical cost basis except for financial assets and liabilities designated at fair value through profit or loss, all of which have been measured at fair value.

a) Statement of Compliance The financial statements of RONCHESS GLOBAL RESOURCES PLC is a general-purpose financial report which has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the requirements of the Companies and Allied Matters Act 2020, and the Financial Reporting Council of Nigeria Act 2023.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:
<> Financial instruments at fair value through profit or loss are measured at fair value;
<> Financial instruments measured at amortized value.
<> Inventory-lower of cost and net realizable value.
<> Lease liabilities-measured at present value of future lease payments.

Historical cost is generally based on the fair value of the considerations given in exchange for the assets;

c) Functional and Presentation Currency These financial statements are presented in Naira which is the Company's functional currency. All amounts have been rounded up to the nearest thousand, unless otherwise indicated

2.0.0 Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

NOTES TO THE FINANCIAL STATEMENTS

accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.0.1 Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are described in the notes below:

Note 4: Revenue recognition-whether revenue from sales of goods and services is recognised over or at a point in time.

Note 10: Trade receivable-in determining the expected credit loss to be recognised.

There were no other significant judgements that could have a material impact on the reported amounts in the financial statements

2.1.2 Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Hence, measuring the fair value of an asset or a liability, the Company uses observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

In some cases, if the input used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included in Notes - Financial Instruments Financial risk management and fair value.

3.1 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard	**Content**	**Effective Date**
Amendment to IFRS 16	Leases	1-Jan-24
Amendment to IAS 1	Presentation of Financial Statement	1-Jan-24
Amendment to IAS 7	Statement of Cash flow	1-Jan-24
Amendment to IFRS 7	Financial Instruments Disclosures	1-Jan-24

NOTES TO THE FINANCIAL STATEMENTS

Amendments to IFRS 16, Leases - Lease Liability in a Sale-and-Leaseback
IFRS 16 specifies how an IFRS reporter will recognize, measure, present, and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The amendments to IFRS 16 requires a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows:

- On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognized.

Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.
Effective date of this standard is 1 January 2024.

Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
IAS 1 provides clarification on the classification of liabilities as current or noncurrent based solely on an entity's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance.

Only covenants with which a entity must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or noncurrent at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments also clarify that the transfer of an entity's own equity instruments is regarded as a settlement of a liability. If a liability has any conversion options, they generally affect its classification as current or noncurrent, unless these conversion options are recognized as equity under IAS 32, Financial Instruments: Presentation.

Effective date of this standard is 1 January 2024.

3.2 Significant Accounting Policies
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied by the Company and to the three months periods presented in the financial report

a. Foreign Currency Transactions:
Foreign Currency Transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

Monetary assets and liabilities resulting from foreign currency transactions are subsequently translated at the spot rate at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different to those at which they were initially recognized, are recognized in the statement of profit or loss in the period in which they arise. Non-monetary assets and liabilities in a foreign currency that are measured at historical costs are translated using the exchange rates at the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign currency differences are generally recognized in the profit or loss and presented within finance income and costs.

b. Fair Value Change

Fair Value Change on financial assets and liabilities carried at fair value through profit or loss are presented in the statement of profit or loss while fair value changes on other financial instruments at fair value are presented in the statement of other comprehensive income.

c. Income Tax Expense

The Tax Expense for other period comprises current and deferred income tax. Tax is recognised in profit or loss, 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 recognized in other comprehensive income or directly in equity respectively. The current income tax charge is the aggregate of the charge to the profit and loss account in respect of current income tax and education tax. Current income tax is the amount of income tax payable on the taxable profit for the Half year determined in accordance with the Companies Income Tax Act (CITA) and assessed at 30% of taxable profit. Education tax is assessed at 2.5% of the assessable profits. The directors of the Company continually evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to the paid to the tax authorities. Where the Company has tax losses that can be relieved against a tax liability for a previous Half year, it recognizes those losses as a recoverable, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises.

d. Deferred tax

Deferred income tax is recognised, using the liability method (balance sheet method), on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it 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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the

NOTES TO THE FINANCIAL STATEMENTS

related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis

e. Tax expense

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

• A transaction or event which is recognised, in the same or a different period, to other comprehensive income, or

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

f. Financial instruments

Initial recognition and subsequent measurement A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets non-derivative financial assets

a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

b) Subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

C) Classification

The Company classifies its financial assets as; amortized cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

1. Amortised cost
   A financial asset is measured at amortised cost only if it is held within a business model whose objective is to hold assets to collect contractual cash flows (the held-to-collect business model); and 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 (the SPPI criterion).

   The Company's amortised cost assets comprise trade and other receivables, loans and advances, receivables due from related parties and cash and cash equivalents, and are included in current and non-current assets depending on their contractual settlement date. They are classified as current if they are to be settled within one Half year and non-current if they are to be settled after one Half year.

2. Fair value through other comprehensive income (FVOCI)
   A debt instrument is measured at FVOCI only if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI criterion. The Company did not have assets measured at FVOCI as at Half year end.

3. Fair value through profit or loss (FVTPL) All other financial assets - i.e., financial assets that do not meet the criteria for classification as subsequently measured at either amortised cost or FVOCI - are classified as subsequently measured at fair value, with changes in fair value recognised in profit or loss.
   In addition, the Company has the option on initial recognition to irrevocably designate a financial asset as at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency - i.e., an 'accounting mismatch' - that would otherwise arise from measuring assets liabilities, or recognising the gains and losses on them, on different bases. The Company did not have assets measured at FVTPL as at Half year end

d) De-recognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent de-recognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.
The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Bank or the counterparty.

NOTES TO THE FINANCIAL STATEMENTS

f) **Impairment of financial assets**
The Company assesses at the end of each reporting period whether there is **objective** evidence that a financial asset or a Company of financial assets is impaired. The impairment model in IFRS 9 is an expected loss model, which means that it is not necessary for a loss event to occur before an impairment loss is recognised. As a result, all financial assets generally carry a loss allowance.

Expected Credit Loss (ECL) is a probability-weighted estimate of credit losses- i.e. the present value of cash shortfalls - over the expected life of the financial instrument. For a financial asset that is credit-impaired, the ECLs are the difference between the asset's gross carrying amount and the present value of estimated future cash flows.

The assessment of ECLs is based on reasonable and supportable information - that is, information reasonably available without undue cost or effort at the reporting date. Impairment is measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of an instrument has occurred since initial recognition, then impairment is measured as lifetime ECLs.

To assess whether there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort, and is relevant for the particular financial instrument being assessed

The information used includes factors that are specific to the borrower and general economic conditions. Possible data sources include internal loss experience and ratings, and external ratings, reports and statistics. When the Company considers that there are no realistic prospects of recovery of the financial asset, the relative amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

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 (in profit or loss) is recognised in the profit or loss.

Financial liabilities non-Derivative financial liabilities:

a. **Classification:**
Financial liabilities are classified as financial liabilities at amortised cost. The Company has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

Financial liabilities at amortised cost
These includes trade and other payables, loan payables and borrowings. Trade payables are classified as current liabilities due to their short-term nature while borrowings are spilt into current and non-current liabilities. Borrowings included in

NOTES TO THE FINANCIAL STATEMENTS

non-current liabilities are those with maturities greater than 12 months after the reporting date

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b. Recognition & measurement

Financial liabilities are recognised initially at fair value, net of any transaction costs. Loan payables and borrowings are recognised on the date when they are originated. All other financial liabilities are initially recognised on the trade date when the entity becomes party to the contractual provisions of the instrument. Subsequently, they are measured at amortised cost using the effective interest method.

g. Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with other financial institutions, other short-term, highly liquid investments with original terms to maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

h. Property, plant and equipment

I. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of the relevant property, plant and equipment includes and is made up of expenditures that are directly attributable to the acquisition of the assets. Additions and subsequent expenditures are capitalized only to the extent that they enhance the future economic benefits expected to be derived from the assets and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the period in which they were incurred.

Construction work in progress is not depreciated, it is carried at cost less any recognized impairment loss. Costs include professional fees for qualifying assets, borrowing costs capitalized in accordance with the company's accounting policies. On completion of construction, the related amounts are transferred to the appropriate category of property, plant and equipment. Payments in advance for items of property, plant and equipment are included as prepayments in other assets and upon delivery are reclassified as additions in the appropriate category of property, plant and equipment. No depreciation is charged until the assets are available for use.

II. Subsequent costs

The cost of replacing a part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

III. Right-of-use-assets

The right-of-use-assets are measured at the present value of the lease liability, adjusted for any prepayment before application and discounted with the incremental borrowing rate at the date of initial application. The company does not recognize right of-use-asset and record lease liability for the payments of short-term leases, i.e., lease term assessed to be 12 months or less from the commencement date and for leases of low value assets, i.e. assets which fall below the capitalization threshold for property, plant and equipment. The right-of-use-asset is being depreciated on a straight-line basis and is being recorded in the profit or loss statement.

IV. Depreciation

Depreciation is calculated on items of property, plant and equipment on a straight-line basis over the estimated useful economic lives.
The estimated useful lives for the current periods are as follows:

Asset class	Useful Life
Plant & Machinery	7
Generator	20
Computer Equipment	20
Furniture & Fittings	20
Motor Vehicles	20
Office Equipment	20

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Company takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets.

Property, plant and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

V. De-recognition

The carrying amount of an item of property, plant and equipment will be derecognized on disposal or when no future economic benefits are expected from its use or disposal.

VI. Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and

NOTES TO THE FINANCIAL STATEMENTS

the proceeds of disposal and is recognized as an item of other income in the period in which the significant risks and rewards of ownership are transferred to the buyer.

(VII) Prepayments and advances

Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods and services. They are recognised when the Company expects to receive future economic benefits equivalent to the value of the prepayments. The receipt or consumption of the services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

(VIII) Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes

(X) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items, are eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost paid is also included in financing activities while interest income received is included in investing activities.

(XI) Related Party

Related parties include the holding company and other group entities. Directors, their close family members and any employee who are able to exert a significant influence on the operating policies of the Company are also considered to be related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

(XII) Finance income and finance costs

Finance income comprises interest income on funds invested. Finance income is recognised as it accrues in profit or loss, using the effective interest method while finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(XIII) Revenue recognition

The Company recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognised is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises

NOTES TO THE FINANCIAL STATEMENTS

to transfer goods to a customer) or over time (typically for promises to transfer services to a customer or for construction related activities).

(XIV) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value of inventories is the estimated selling price of the inventories in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Slow moving and obsolete inventory items are written off to profit or loss.

(XV) Provisions and Contingent Liabilities

a. Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of value of money and, where appropriate, the risks specific to the liability.

b. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(XVI) Employee benefits

a. Defined contribution plan A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity. The Company 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.

In line with the provisions of the Pension Reform Act 2004, which was updated in July 2014, the Company has a defined contribution pension scheme for its staff. Employee contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to profit or loss. The Company and employees contribute 10% and 8% respectively of the employees' basic, housing and transport allowance to the scheme.

b. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs

NOTES TO THE FINANCIAL STATEMENTS

for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted.

c. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company 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.

(XVII) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity Mandatorily, redeemable preference shares are classified as liabilities.

Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividends on ordinary shares Dividends on ordinary shares are recognized as liability in the period in which they are approved by the Company's shareholders. Dividends declared after the balance sheet dates are dealt with in the subsequent period.

(xviii) Earnings per share

Basic earnings per share is calculated by dividing net profit after tax applicable to equity holders of the Company, excluding any costs of servicing other equity instruments, by the weighted average number of ordinary shares outstanding during the financial Half year. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effective interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

		2023 ₦'000	2022 ₦'000
4	**Revenue**		
	Lane Marking	-	16,514
	Road construction contracts	3,623,161	8,819,186
		3,623,161	**8,835,700**
5	**Cost of Sales**		
	Civil works	-	50,900
	Cost of Materials	6,333,303	3,365,016
	Freight	12,310	192
	Logistics	40,310	3,022
	Site Expenses	353,372	189,061
	Diesel	419,878	485,572
	Subcontract Costs	-	95,426
	Hiring costs	106,987	189,981
	Other Direct Cost	4,075	50,368
	Labour wages	11,838	294
		7,282,072	**4,429,832**
6	**Other income**		
	Other income	481	33,142
	Interest Received	-	-
	Investment Income	-	-
		481	**33,142**
7	**Administrative expenses**		
	Advertising, Branding & Business development	69,140	7,520
	AGM Expenses	3,418	-
	Association dues	560	-
	Audit fees	7,000	3,225
	Bank charges	6,369	71,172
	Back duty tax expense	8,815	25,000
	Building Renovation	9,761	2,383
	Cleaning and sanitation	1,223	999
	Computer expenses	880	-
	Consultancy fees	17,988	144,958
	Corporate social responsibility	8,250	16,900
	Depreciation	18,058	698,806
	Directors fees	63,500	47,059
	Electricity & water	1,909	3,916
	Entertainment	-	49,570
	Fines	20	-
	Fuel	25,051	8,981
	General Expenses	8,714	-
	ICT expenses	1,639	8,946
	Insurance	4,416	7,898
	Legal Fees	55,875	15,915
	Marketing Expenses	372,345	-

NOTES TO THE FINANCIAL STATEMENTS

		2023	2022
		₦'000	₦'000
	Motor vehicle expenses	26,839	5,381
	Office expenses	9,357	23,268
	Postage & Courier Expenses	2,896	-
	Printing & stationery	4,966	7,708
	Rent Paid	35,379	22,067
	Repairs & maintenance	192,112	292,163
	Safety expenses	5,762	12,492
	Staff Cost (Note 7a)	778,728	928,155
	Security	56,106	31,947
	Service charge	1,760	887
	Software subscription	2,031	2,872
	Statutory fee	192,699	2,005
	Transport	8,019	15,745
	Travel & accommodation	126,574	57,614
		2,128,159	**2,515,551**
7a	**Staff Cost**		
	Salaries & wages	634,794	913,802
	Allowance	14,215	-
	Staff Lodges Rent	25,909	-
	Utility Allowance	240	
	Medical expenses	988	2,414
	Staff Medical	2,945	-
	Staff welfare	26,637	2,654
	Other Payroll Cost	38,311	-
	Training	34,690	9,285
		778,728	**928,155**
8	**Income Tax Credit/Expense**		
	Opening balance	-	274,555
	Current income tax (SOPL)	-	234,000
	Tax paid	-	(274,555)
	Withholding tax receivable	-	(234,000)
	Closing balance	**-**	**-**
9	**Cash and Cash Equivalents**		
	Bank balances	25,519	38,631
		25,519	**38,631**
10	**Trade and Other Receivables**		
	Trade receivables	7,227,786	16,702,855
	Less: Prior year adjustments	(4,785,835)	-
	Less: impairment provision	(122,098)	(2,505,428)
		2,319,853	14,197,427

NOTES TO THE FINANCIAL STATEMENTS

		2023 ₦'000	2022 ₦'000
	Sundry Debtors	19,100	-
	Staff Pensions	716	-
	Staff loans	100	-
	Due from related parties	-	5,004
	Withholding tax receivable	329,112	135,826
		2,668,881	**14,338,257**
10a	**Allowance for impairment loss on trade receivables**		
	Opening balance	2,505,428	2,125,759
	For the year	122,098	379,669
	Prior year adjustment	(2,505,428)	-
	Closing balance	**122,098**	**2,505,428**
11	**Prepayments**		
	Prepaid expenses	-	-
		-	-
12	**Trade and Other Payables**		
	Trade Payables	350,000	-
	Salaries payable	-	245,782
	PAYE Liabilities	3,046	-
	WHT Payables	51,996	-
	Audit fee payables	7,000	3,225
		412,042	**249,007**
13	**Loans & borrowings**		
	Bank Loan	643,674	681,030
	Other Borrowings	-	628,000
		643,674	**1,309,030**
	Analyzed as follows:		
	Current portion	643,674	1,309,030
	Non-current portion	-	-
		643,674	**1,309,030**
14	**Share Capital**		
	Issued and fully paid for		
	Ordinary shares at N1.00 each	91,000	91,000
	Movements during the year:		
	At 1 January	91,000	91,000
	Issued during the year	-	-
	At 31 December	**91,000**	**91,000**

NOTES TO THE FINANCIAL STATEMENTS

		2023 ₦'000	2022 ₦'000
15	**Finance Cost**		
	Interest on loan	595,948	275,905
		595,948	**275,905**
16	**Bank Overdraft**		
	Bank Overdraft	1,041,583	190
		1,041,583	190
17	**Earnings per share**		
	Profit for the year	**(6,504,635)**	**1,033,885**
	Weighted average number of ordinary shares for the purpose of basic earnings per share	91,000	91,000
	Basic earnings per share (Naira)	**(71.5)**	**11.4**
18	**Investment**		
	Investment in unquoted companies	795,277	0
		795,277	**-**

19 **Property, Plant and Equipment**

As At 31 December 2023	**Plant & Machinery**	**Computer Equipment**	**Furniture & Fittings**	**Motor Vehicle**	**Office Equipment**	**Generator**	**Total**
2023	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January 2023	6,396,177	70,854	392,560	727,016	861,791	258,725	8,707,124
Revaluation Adjustment							
Additions	97,814	669		1,505	22,435	31,448	153,871
At 31 December 2023	6,493,991	71,523	392,560	728,521	884,226	290,172	8,860,995
Accumulated Depreciation							
At 1 January 2023	1,290,819	35,756	205,632	137,264	386,932	120,177	2,176,580
Revaluation Adjustment							
Charge for the period	454,579	14,305	78,512	145,704	176,845	58,034	927,980
At 31 December 2023	1,745,399	50,061	284,144	282,968	563,777	178,211	3,104,560
Net Book Amount at 31 December 2023	**4,748,593**	**21,462**	**108,416**	**445,553**	**320,449**	**111,961**	**5,756,435**
Net Book Amount at 31 December 2022	**5,105,358**	**35,098**	**186,929**	**589,752**	**474,859**	**138,548**	**6,530,544**

Depreciation for PPE was split between operating expenses and revaluation reserves in accordance with IAS 16. The portion of depreciation attributable to the cost of PPE was recognized under operating expenses, while the portion resulting from PPE revaluation was offset against the revaluation reserves.

20. Financial Risk Management

20.1 Financial Risk Factors

The company's activities expose it to a variety of financial risks. The company therefore aims to achieve an appropriate balance between risk and returns to minimize the potential adverse effects of the risks on the company's financial performance.

The directors are responsible for the determination of the company's risk management objectives and policies. The company's risk management policies are designed to identify and analyse financial risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

(a) Market Risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

(b) Interest Rate Risk

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company's significant interest-bearing financial assets are cash and cash equivalents.

(c) Credit Risk

Credit risk represents the potential loss that the company would incur if counter parties fail to perform pursuant to the terms of their obligations to the company. At the reporting date, the main exposures to credit risk were in relation to receivables and cash and cash equivalents.

(d) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as and when due. The company's policy is to ensure that it always has sufficient funds to meet its liabilities when they become due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. This is achieved by monitoring rolling forecasts of the company's liquidity reserve on the basis of expected cash flows. The directors do not foresee any major liquidity risk over the next two years.

20.2 Capital Risk Management

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for the directors and benefits for other stakeholders.

20.3 Critical Accounting Estimates and Judgements

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as shown below:

Impairment of Assets
The company follows the guidance of IAS 36 and IAS 39 in determining when an asset is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the company evaluates, among other factors, the duration and extent to which the fair value of an asset is less than its costs, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Useful Lives of Depreciable Assets
Management reviews the useful lives of depreciable assets including property, plant and equipment and intangible assets at each reporting date based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence. Details of the Property, Plant and Equipment and Intangibles useful lives are provided.

Components
In applying IAS 16 the recognition of property, plant and equipment, management applies judgement to determine aggregation of assets. The standard does not prescribe the unit measure for recognition or what constitutes an item of property, plant and equipment. Thus, judgement is required in applying the recognition criteria to the company's specific circumstances. The company aggregates individually insignificant items, such as small office equipment. Management has determined that there are no significant components to property, plant and equipment that should be segregated.

21 Related Party Transactions

During the year, the company entered into a cash management agreement with Ronchess Group Plc and Ronchess Infrastructure Management Limited to receive funds on its behalf. The cash balances held by these entities at year end are as shown below:

Related Entities	**Nature of Relationship**	**31-Dec-23 N'000**
Due from Ronchess Group Limited	Common control	NIL
Due from Ronchess Infrastructure Management Limited	Common control	NIL

22 Segment Reporting

The primary geographical segment of RONCHESS GLOBAL RESOURCES PLC is Nigeria as the Company's income is derived in Nigeria. Therefore, no further business or geographical segments information is reported.

23 Contingent Liabilities

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and other claims amounted to 450 million. The company has assessed these claims and believes that no material loss is expected to arise from them.

24 Capital Commitments

There were no capital commitments as at the end of the year.

25 Subsequent Events Review

There were no events after the reporting period which has material effect on the state of affairs of the company as at 31 December 2023 that have not been adequately provided or disclosed.

SUPPLEMENTARY FINANCIAL INFORMATION

STATEMENT OF VALUE ADDED

	31-Dec-23 ₦'000	%	31-Dec-22 ₦'000	%
Gross earnings	3,623,161		8,835,700	
Brought-in-material and services	(7,825,140)		(1,538,158)	
Value added	**(4,201,979)**	**100**	**7,297,542**	**100**
Distribution of Value Added:				
To pay employees:				
Wages, salaries and other benefits	778,728	19%	925,741	13%
To pay government:				
Taxes	-	0%	234,000	3%
To provider of finance:				
Finance cost	595,948	14%	275,905	4%
Retained for future replacement of assets and expansion of business:				
Depreciation	927,980	22%	698,806	10%
Profit/ (Loss) for the period	(6,504,635)	-155%	5,163,090	71%
	(4,201,979)	**100**	**7,297,542**	**100**

This statement represents the distribution of the wealth created through the use of the Company's assets through its own and employees' efforts.

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	2023 ₦'m	2022 ₦'m	2021 ₦'m	2020 ₦'m	2019 ₦'m
ASSETS					
Non-current assets					
Property, plant and equipment	5,756	6,531	4,002	2,919	165
Investments	795				
	6,552	**6,531**	**4,002**	**2,919**	**165**
Current assets					
Receivables	2,669	14,338	12,563	5,514	3,256
Prepayment	-	-	34	-	-
Cash & cash equivalents	26	39	2,009	188	4
Total current assets	**2,694**	**14,377**	**14,606**	**5,702**	**3,260**
Total Assets	**9,246**	**20,907**	**18,608**	**8,621**	**3,426**
LIABILITIES					
Current liabilities					
Trade and other payables	412	249	3,276	586	48
Bank Overdraft	1,042	0	0	-	-
Tax Payable		-	275	111	51
Borrowings	644	1,309	871	-	-
Total current liabilities	**2,097**	**1,558**	**4,422**	**697**	**99**
EQUITY					
Share capital	91	91	91	91	1
Revaluation Reserve	4,449	5,359	1,230	-	-
Retained earnings	2,608	13,899	12,865	7,863	3,326
Total equity	**7,149**	**19,349**	**14,186**	**7,954**	**3,327**
Total Equity and Liabilities	**9,246**	**20,907**	**18,608**	**8,651**	**3,426**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2023 ₦'m	2022 ₦'m	2021 ₦'m	2020 ₦'m	2019 ₦'m
Revenue	3,623	8,836	15,082	10,305	2,313
Cost of sales	(7,282)	(4,430)	(6,137)	(3,883)	(1,415)
Gross profit	**(3,659)**	**4,406**	**8,945**	**6,422**	**898**
Administrative expenses	(2,128)	(2,516)	(2,442)	(1,151)	(359)
Impairment loss on trade receivables	(122)	(380)	(1,339)	(786)	-
Other income	-	33	-	-	-
Finance Cost	(596)	(276)	(140)	(140)	-
Profit before tax	**(6,505)**	**1,268**	**5,024**	**4,345**	**539**
Tax	-	(234)	(164)	(60)	(8)
Profit after tax	**(6,505)**	**1,034**	**4,861**	**4,284**	**531**
Other comprehensive income net of tax	-	-	142	5	-
Gain on revaluation		4,129	-	-	-
Total comprehensive income	**(6,505)**	**5,397**	**5,003**	**4,290**	**531**