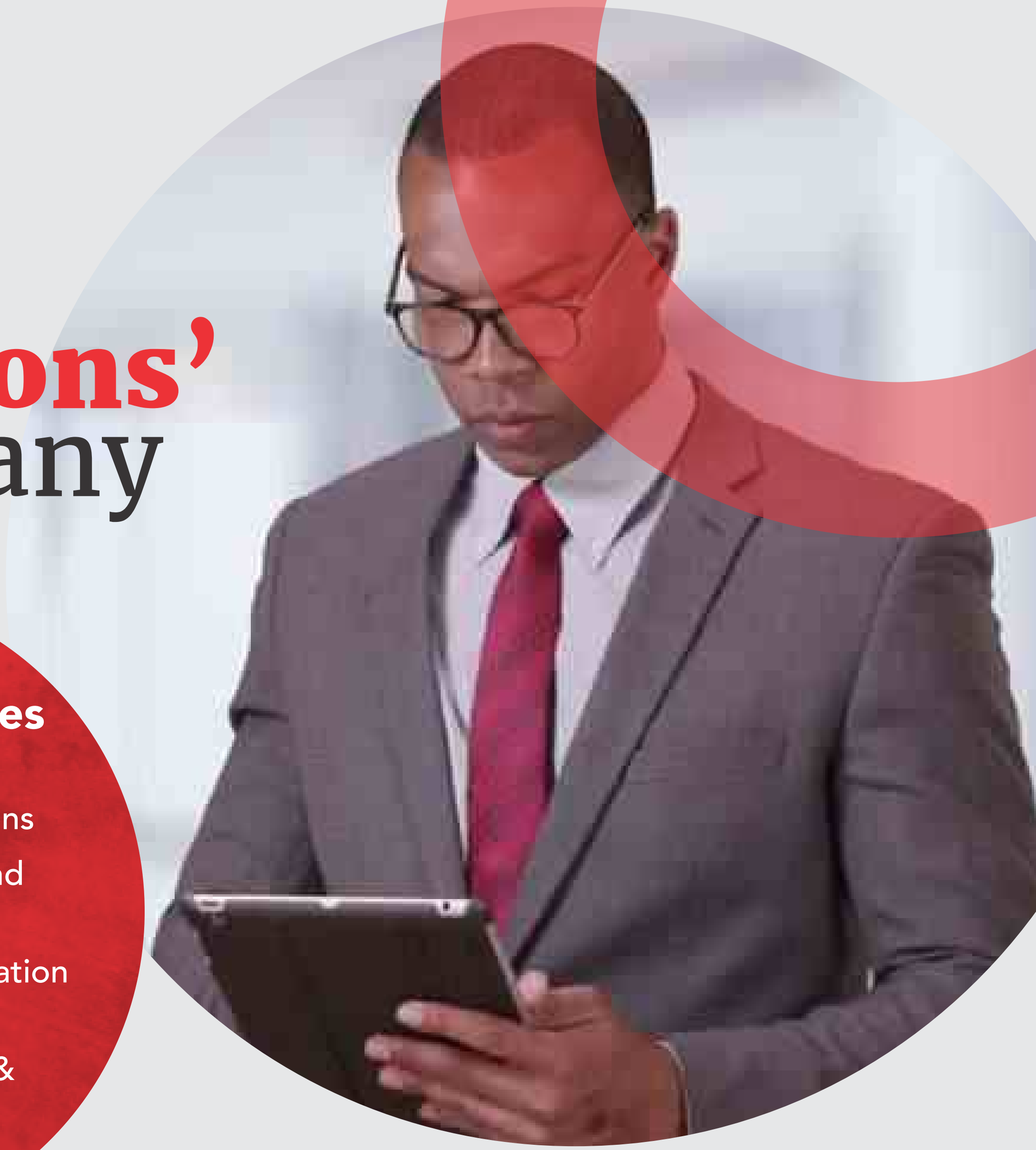
resourcery

Solutions, Not just I.T.

# 2022 ANNUAL REPORT

www.resourcery.com

# The **Solutions'** Company



## Our Competencies

* Network and Infrastructure Solutions
* Managed Services and Support
* Design & Implementation Consultancy
* Data Centre Design & Build

Founded in 1985, we have over 35 years active experience of servicing Africa's rapidly evolving market. We offer our clients end-to-end business solutions across multiple platforms and media.

In today's constantly evolving and fast-paced business environment, organisations require innovative technologies that will improve corporate processes, maximise profitability and improve efficiency. Customers are interested in solutions providers that not only understand the most up-to-date technology but are also able to create unique and function-specific solutions that solve business challenges and align with corporate objectives.

At Resourcery, we provide solutions and our primary objective as we open our doors for business each day is to develop unique answers to our client's problems.
We constantly ask ourselves:

1. How do we provide intelligent solutions that are functional and cost effective?

2. How do we help our clients maximise key resources while living up to the imperatives of their businesses?

3. How can our services assist our clients focus on the essential areas of their businesses?

This is the Resourcery way. We provide Solutions, not just IT.

# Contents

# Who WE Are

## Our Mission
We solve challenges, innovate solutions and optimize performance.

## Our Brand Promises
We deliver Quality
We are Reliable
We give Assurance
We are Competent

## Our Vision
Africa's preferred provider of ICT solutions and an exciting place to work.

## Our Essence
Solutions, not just I.T.

## Brand Values
Knowledge
Relationships
Execution
Accountability
Winning Spirit
Collaboration

## The Resourcery Employee
Confident
Probes
Creative
Diligent
Knowledgeable
Persuasive

# BOARD OF **DIRECTORS**

**MYRON B. FAFUNWA**
Chairman

**ANDREW EJOH**
Managing Director

**UZO OBI**
Executive Director

**TANIMOLA FAFUNWA**
Non Executive Director

**IKE ONYIA**
Non Executive Director

# CORPORATE **INFORMATION**

**SECRETARY**
Jackson, Etti & Edu
3-5 Sinari Daranijo Street,
Off Ajose Adeogun Street,
Victoria Island, Lagos.

**REGISTERED OFFICE**
17/19, Idowu Taylor Street,
Victoria Island, Lagos,
Nigeria

**REGISTRATION NUMBER**
RC 70199

**REGISTRAR**
**Crescent Registrars LTD**
23, Olusoji Idowu Street,
Ilupeju, Lagos
info@crescentregistrars.com

**AUDITOR**
Mazars Nigeria
Chartered Accountants
18, Oba Akran Avenue,
Ikeja,Lagos.
Tel: 08180168888

**PRINCIPAL BANKERS**
Access Bank Plc
Guaranty Trust Bank Plc
Standard Chartered Bank Nigeria Limited
First Bank of Nigeria Limited
Ecobank Nigeria Limited

# NOTICE CONVENING THE 33RD ANNUAL GENERAL MEETING.

NOTICE is hereby given that the 33rd Annual General Meeting of Resourcery Plc will hold at Management House, 2nd Floor, Plot 22, Idowu Taylor Street Victoria Island, Lagos on **Wednesday, 31st May, 2023** at 10.00 a.m. to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive and consider the Audited Financial Statements for the year ended 31st December, 2022, together with the Reports of the Directors, External Auditors and the Audit Committee thereon;

2. To elect/re-elect Directors;

3. To ratify the appointment of Directors appointed by the board of directors to fill in casual vacancy;

4. To authorize Directors to fix the remuneration of the External Auditor;

5. To elect Members of the Audit Committee; and

6. To disclose the remuneration of Managers.

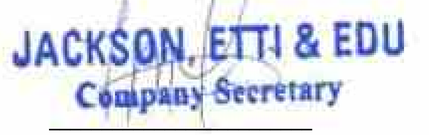
**SPECIAL BUSINESS**

7. To consider and if thought fit, pass the following resolution as a Special Resolution of the Company:

   (a.) That, the Articles of Association of the Company be amended by the insertion of a new Clause 41A, to read as follows:

   "41A. - A member of the Company or Proxy may participate in any general meeting via teleconference, video conference, and any other technological means that allows the participating member to hear and be heard. Any person so participating in person or by proxy shall be deemed to be present in person at the meeting and shall be entitled to vote and to be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the Chairman of the meeting is then present."

**BY ORDER OF THE BOARD**




**JACKSON, ETTI & EDU**
**COMPANY SECRETARY**
**FRC/2015/NBA/00000012847**

Dated this 6th day of April, 2023

**NOTES**

**1. Proxy**
A member entitled to attend and vote at the Annual General Meeting is also entitled to appoint a Proxy to attend and vote in his/her stead. A Proxy need not be a member of the Company. To be valid, a Proxy Form must be completed and duly stamped by the Commissioner of Stamp Duties and returned to the Registrar, Crescent Registrars Ltd, 23, Olusoji Idowu Street, Ilupeju, Lagos or info@crescentregistrars.com, not less than 48 hours before the fixed time of the meeting.

**2. Stamping of Proxy**
The Company has made arrangements, at its cost, for the stamping of the duly completed and signed Proxy Forms submitted to the Company's Registrars within the stipulated time.

**3. Closure of Register**
Notice is hereby given that the Register of Members of the Company will be closed on Tuesday, 2nd May 2023 for the purpose of preparing an up-to-date Register of Members.

## NOTICE CONVENING THE 33RD ANNUAL GENERAL MEETING.

**4. Biographical details of Directors for Election/Re-election**

In accordance with the provisions of the Articles of Association, the only Directors due to retire by rotation are Mr. Tunde Fafunwa and Mr. Ike Onyia. The retiring Directors, being eligible, have offered themselves for re-election.

The biographical details of the Directors seeking re-election are available in the Annual Report and on the Company's website at www.resourcery.com.

Also, in accordance with the provisions of the Companies and Allied Matters Act 2020, the appointment of the following Directors (Mr. Ali Safieddine and Mrs. Toki Mabogunje)by the Board of Directors to fill the casual vacancies will be ratified by the Shareholders at the Annual General Meeting.

**5. Nomination to the Statutory Audit Committee**

In accordance with Section 404(3) of the Companies and Allied Matters Act 2020, the AuditCommittee shall consist of five members comprising of three representatives of the members of the Company and two Non-Executive Directors. Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary, Jackson, Etti & Edu of 3-5 SinariDaranijo Street, off Ajose Adeogun Street, Victoria Island, Lagos at least twenty-one days before the Annual General Meeting.

The Code of Corporate Governance issued by the Securities and Exchange Commission and the Nigerian Code of Corporate Governance 2018 stipulate that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. Consequently, a detailed Curriculum Vitae confirming the nominee's qualification should be submitted alongside each nomination.

**6. E-Annual Report**

The electronic version of the Annual Report is available at www.resourcery.com.Shareholders who have provided their email addresses to the Registrars will receive the electronic version of the Annual Report via email.

**7. Right of Shareholders to Ask Questions**

Shareholders and other holders of the Company's securities reserve the right to ask questions not only at the meeting, but also in writing prior to and after the meeting on any item contained in the Annual Report and Accounts. Such questions must be submitted to the Company on or before 16th May 2023.

# Resourcery Plc

## 32nd ANNUAL GENERAL MEETING IN PICTURES





# BOARD CHAIR'S STATEMENT

For the 33rd AGM of Resourcery Plc. scheduled to hold on Wednesday, 31st May, 2023

**Introduction**

Our distinguished shareholders, representatives of the regulatory authorities, ladies and gentlemen, on behalf of the directors, management, and staff, I am glad to welcome you to the 33rd Annual General Meeting of Resourcery Plc.

Kindly allow me to analyse some of the significant developments within the business environment during the financial year under review that had considerable influence and impact on the company's performance.

**The Global Landscape**

While the effects of climate change continued to accelerate,the global economy began experiencing a gradual recovery from the aftermath of the COVID-19 pandemic,the extended lockdown in Chinaadversely affecting the global supply chain, and supply-demand imbalances and reduced economic growth across the world. The impact of the ongoing Ukraine – Russia war alsohas had a negative impact on the post-pandemic global economic recovery.

The US and European countries, imposed sanctions on Russia and Russia reduced or suspended exports of major commodities and gas supply across Europe in response to those sanctions. Russia's reaction pushed European governments into a desperate scramble for new energy supplies to reduce reliance on Russian energy and its impact on economic activities. All of this ledto inflation and a cost-of-living crisis as household disposable income declined. The war has also disrupted international trade and supply chains, leading to increased commodity prices that triggered price increases and inflation. In many countries, including Nigeria,the Central Banks hiked interest rates for borrowing in order to stabilise local economies and dampen price increases. So far, these actions appear to be only partially effective.

**Business and Operating Environment**

In Nigeria, the business and operating environment remained challenging. Inflation maintained its upward trajectory owing to a significant rise in the cost of petroleum products and energy.

The IMF projected Nigeria's Inflation rate to be between 18% and 22% in 2022. According to the National Bureau of Statistics, on a year-to-year basis, the headline inflation rate was 5.7% higher in December 2022 than it was in December 2021.Similarly, the percentage change in the average Consumer Price Index (CPI) for the twelve months ending December 2022 was 18.9%.

The Gross Domestic Product (GDP) grew by 2.3% (year-on-year) in real terms in the third quarter of 2022. However, this growth rate declined from 4.0% in the third quarter of 2021. The reduction in growth is attributed to the base effects of the recession and the challenging economic conditions that have impeded productive activities.

**Business Performance and Results:**

Resourcery remains a leader in the business of system integration, with the best expertise. The company takespride in providing cutting-edge solutions to our customer base of large corporate customers across all sectors of the economy. However, the area of ICT infrastructure remains challenging, with tight margins and foreign exchange risks.

As a result, while the company generated an increase in revenue to N1,532m, gross margin declined to 34%. Gross profit increased to N518m, however, with Naira devaluation created a foreign exchange loss of

N814m.

Despite the economic and business challenges, Resourcery continues to innovate its business model and approach, including a laser focus on premium customers, while undertaking cost rationalization to accommodate current realities.

**Dividend**

The Board fully recognises the importance of dividends to shareholders, however, the financial reserves at the end of 2022 cannot accommodate the payment of dividends for the year under review. Our priority continues to be a return to profitability and strong capital ratios.

**Human Capital Development**

Our employees are the backbone of business operations, and our high service levels. They remain akey strength in this competitive landscape.We continue to provide an enabling environment where talent can grow, and good work is appreciated.

**External Auditors**

The Auditors, Mazars Nigeria, have indicated their willingness to continue as the company's auditors in accordance with Section 351 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004.

**Board Changes**

The members of the Board of Directors remain unchanged during the year under review. However, in the first quarter of 2023, the Board appointed two distinguished individuals to fill the existing causal vacancies for Independent Non-Executive Directors. The appointed Directors are Mrs. Toki Mabogunje, founder and CEO, TMC, Vice Chair, International Chamber of Commerce (ICC), Director, Convention on Business Integrity (CBi), and former President of the Lagos Chamber of Commerce, and Mr. Ali Safieddine, CEO Siperco, and Board member of several prominent private companies and non-profits, including Black Horse Plastics and the American International School Lagos (AISL). I wish to thank the former, existing, and new Board members for their unflinching support. We look forward to further invaluable contributions in the years ahead.

**Outlook for 2023**

Nigerians headed to the polls to vote for their representatives and leaders at the State and Federal levels. Inflammatory and inciteful statements made by political stakeholders heated up the polity. Unlike previous election cycles, multiple opposition parties mounted a significant challenge to the incumbents. The palpable tension and uncertainty that accompanies our electoral process negatively impacted business activities in general.

The International Monetary Fund (IMF) in October 2022 projected growth of 3.0%. This was projection was later upgraded to 3.2% in early 2023. With Europe looking for alternative sources of critical minerals, metals, the United Nations (UN), in its 2023 World Economic Situation and Prospects report, listed Nigeria as one of the African nations where export minerals are likely to receive increased investments. In addition, despite the global focus on climate change and sustainability the price of oil is expected to remain high. Finally, inflation pressures are expected to remain mixedin 2023 with monetary policy tightening across the continent.

**Conclusion**

Distinguished shareholders, on behalf of the Board, I would like to thank you for the continuous support and confidence reposed in the Board and management of the company over the years.

Let me also appreciate my fellow Directors, the management, and the staff of Resourcery for their unwavering commitment. As a business entity, we will remain resolute in providing cutting-edge solutions to our customersand working diligently to continuously improve the financial and operational performance of the company.

Again, I welcome you all to the 33rd Annual General Meeting.

**M. Babatunde Fafunwa**
Chairman, Board of Directors
Resourcery Plc

# MANAGING DIRECTOR'S STATEMENT

For the 33rd AGM of Resourcery Plc. scheduled to hold on Wednesday, 31st May, 2023

Esteemed shareholders, representatives of the regulatory authorities, ladies, and gentlemen, on behalf of our directors, management, and staff, I welcome you all to the 33rd Annual General Meeting of Resourcery Plc.

I hereby present to you the financial statements and reports for the financial year ended 31st December 2022 with a review of the environment and performance during this period.

**2022 Business Environment**

The Nigerian economy may have rebounded after the difficult years of COVID-19, growing 3.5% in the first three quarters of 2022, but the recovery failed to cushion the hardship on Nigerians.The impact of Covid has changed the way businesses operate, the use of information technology tools to enhance collaboration and customer engagement has been widely adopted especially by the private sector. The effect of the impactof the digital economy, especially in the finance sector has been and is continuing to be a major growth driver.

Nigeria's official exchange rate depreciated by 6% in 2022, closing at N460/$1 but the parallel market rate moved from N570 to N750, a 32% devaluation. These market distortions continue to negatively affect the ability of organizations to effectively plan for the long term as there is the continuous need to adjust plans to address the vagaries in the market.

Inflation surged to 21.1% year-on-year as at October 2022, pushing more Nigerians into poverty since the start of 2022. Fiscal pressures have intensified, exacerbated by the soaring cost of the petrol subsidy. Despite higher oil export revenues, official reserves have fallen, and the currency market is severely distorted, undermining the business environment and investment. The weaknesses in the macroeconomic policy framework suppressed growth and made Nigeria more vulnerable to shocks.

**Our Performance Review**

The business has fine-tuned its focus and business offerings in line with the realities of today. We continue to run a hybrid and cost-effective business model for optimal business performance.

The company recorded a revenue of N1,532m, a 44% increase from 2021, gross margins went down by 3% to 34% in 2022 from 37% in 2021. However, Gross profit increased by 32% from N393m in 2021, to N518m in 2022. Our profit before foreign exchange movement and taxes stood at N213m, an increase of 15% over the N185m recorded for 2021. Operating expenses went down by 8% between 2021 and 2022, this reflects the continued focus by the company on cost control and management.

Again, in 2022 there was a further devaluation of the Naira at the parallel FXwindow by 32% creating an FX loss of N814m, resulting in a final loss position of N617m before taxes.

**The Future & Projections**

We enter 2023 with a strong order book and we will be focusedon growing our revenue, controlling costs, and restructuring our balance sheet towards a positive equity position. We have for the last two years recorded operating profits before the impact of the foreign exchange movements and we expect to continue to improve on our operating profits before the impact of any FX devaluations.

**Conclusion**

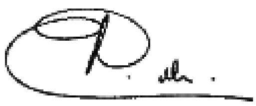
I wouldlike to thank our dedicated team of employees for their commitment to ensuring that Resourcery maintains its leadership position despite the challenges.

Also, let me appreciate our esteemed customers for trusting us to be in their business. To our critical technology partners and suppliers, I say a big thank you to you all.

My appreciation also goes to the members of the board, for your support and guidance as we forge ahead together.

Finally, on behalf of the board and all members of staff, I express my sincere appreciation to our shareholders for their continued support of Resourcery Plc.

Thank you all for being here today.



**Andrew Ejoh**
Managing Director

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report on the affairs of Resourcery Pic ("the Company") together with its subsidiary ("the Group") and the Consolidated and Separate audited financial statements for the year ended 31 December 2022.

**Principal activity**
The principal activities of the Company and its subsidiary, locally and internationally during the year continue to be the supply, installation and maintenance of communications, telecommunications and information technology systems.

**Financial Position**
In the opinion of the Directors, financial position of the Group is satisfactory and there has been no material change since the reporting date, which would affect the consolidated and separate financial statements as presented.

**Dividend**
The directors do not recommend payment of any dividend in respect of the year ended 31 December 2022 (2021: Nil).

**Summary of performance**

| | | THE GROUP | | THE COMPANY |
|---|---|---|---|---|
| | 31-Dec 2021 N'000 | 31-Dec 2020 N'000 | 31-Dec 2021 N'000 | 31-Dec 2020 N'000 |
| Revenue from contracts with customers | 1,531,634 | 1,065,162 | 1,531,634 | 1,065,162 |
| Loss before tax | (617,373) | (218,745) | (617,158) | (218,318) |
| Income tax expenses | (30,125) | (7,948) | (30,125) | (7,948) |
| Loss after tax | (647,498) | (226,693) | (647,283) | (226,266) |
| Other comprehensive income/(loss) for the year -net of tax | 8,602 | (1,402) | - | - |
| Total comprehensive loss for the year-net of tax | (638,896) | (228,095) | (647,283) | (226,266) |

**Property, Plant and Equipment (PPE)**
Information relating to Property, Plant and Equipment is shown in Note 12 to the consolidated and separate audited financial statements. In the opinion of the Directors, the market value of the Group and the Company's PPE is not less than the carrying value shown in the consolidated and separate audited financial statements.

**Acquisition of own shares**
The group and the Company has not purchased any of its own shares during the year under review (2021: Nil).

**Board Meetings**
During the year under review, the Board of Directors held four (4) meetings, which were attended by the members of the Board on the 28th January 2022, 25th March 2022, 12th August 2022 and 19th December 2022 respectively. The Company Secretary is also empowered by the Board to effectively discharge his duties and responsibilities independently in compliance with Article 8.4 of the SEC Code of Corporate Governance for Public Companies.

During the year under review, the Board of Directors comprised of the following members:

## REPORT OF THE DIRECTORS

| NO. | NAME | STATUS | DESIGNATION | ATTENDANCE |
|---|---|---|---|---|
| 1 | Mr. Tunde Fafunwa | Non-Executive Director | Chairman | 28-Jan-22<br>25-Mar-22<br>12-Aug-22<br>19-Dec-22 |
| 2 | Mr. Tani Fafunwa | Non-Executive Director | Member | 28-Jan-22<br>25-Mar-22<br>12-Aug-22<br>19-Dec-22 |
| 3 | Mr. Andrew Ejoh | Executive Director | Member | 28-Jan-22<br>25-Mar-22<br>12-Aug-22<br>19-Dec-22 |
| 4 | Mr. Uzo Obi | Executive Director | Member | 28-Jan-22<br>25-Mar-22<br>12-Aug-22<br>19-Dec-22 |
| 5 | Mr. Ike Onyia | Non-Executive Director | Member | 28-Jan-22<br>25-Mar-22<br>12-Aug-22<br>19-Dec-22 |

**RETIREMENT BY ROTATION**
In accordance with the provisions of the Articles of Association of the Company and Section 285 of the Companies and Allied Matters Act, 2020 the Directors due to retire by rotation is Mr. Tunde Fafunwa and Mr. Ike Onyia. The retiring Directors, being eligible, have offered themselves for re-election.

The profiles of the retiring Directors are stated below:
Mr. Tunde Fafunwa - Chairman
Mr. Ike Onyia - Non Executive Director

**Directors' interest in shares**
Pursuant to Sections 301 subsection (1) of the Companies and Allied Matters Act, 2020, the direct and indirect interest of the Directors in the issued share capital of the Group and the Company as notified by them and recorded in the Register is as follows:

| | 31-Dec 2022 No. of shares | % | 31-Dec 2021 No. of shares | % |
|---|---|---|---|---|
| Tanimola Sanusi Fafunwa | 245,456,471 | 7.2 | 245,456,471 | 7.2 |
| Andrew Ifeanyichukwu Ejoh | 176,827,766 | 5.2 | 176,827,766 | 5.2 |
| Uzo Harold Obi | 210,286,590 | 6.2 | 210,286,590 | 6.2 |

**Directors' interest in contracts**
None of the Directors has notified the Group and the Company for the purpose of Section 303 of the Companies and Allied Matters Act, 2020 of any disclosable interest in contracts with which the Group and the Company are involved as at 31 December 2022 (2021: Nil).

## REPORT OF THE DIRECTORS

**Analysis of shareholding**
The issued and fully paid share capital of the Group as at 31 December 2022 and 2021 was beneficially owned as follows:

| | 31-Dec 2022 Number | % | 31-Dec 2021 Number | % |
|---|---|---|---|---|
| Tanimola Sanusi Fafunwa | 245,456,471 | 7.24 | 245,456,471 | 7.24 |
| Andrew Ifeanyichukwu Ejoh | 176,827,766 | 5.22 | 176,827,766 | 5.22 |
| Uzo Harold Obi | 210,286,590 | 6.20 | 210,286,590 | 6.20 |
| FBN Quest Funds | 1,047,794,124 | 30.92 | 1,047,794,124 | 30.92 |
| ESL/JO Hambo-Atlas INV. LTD | 250,000,000 | 7.38 | 250,000,000 | 7.38 |
| Springboard Trust & Investment Limited | 448,100,000 | 13.22 | 448,100,000 | 13.22 |
| Others | 1,010,721,088 | 29.82 | 1,010,721,088 | 29.82 |
| | 3,389,186,039 | 100 | 3,389,186,039 | 100 |

**RANGE ANALYSIS AS AT 31ST DECEMBER, 2022**

| Range | No. of Holders | Holders % | Holders Cum. | Units | Units % | Units Cum. |
|---|---|---|---|---|---|---|
| 1 -1,000 | 81 | 6.62% | 81 | 32,295 | 0.00% | 32,295 |
| 1,001 - 5,000 | 29 | 2.37% | 110 | 64,680 | 0.00% | 96,975 |
| 5,001 -10,000 | 5 | 0.41 % | 115 | 50,000 | 0.00% | 146,975 |
| 10,001 -50,000 | 2 | 0.16% | 117 | 34,134 | 0.00% | 181,109 |
| 50,001 -100,000 | 421 | 34.37% | 538 | 42,099,900 | 1.25% | 42,281,009 |
| 100,001 -500,000 | 542 | 44.24% | 1080 | 118,545,330 | 3.50% | 160,826,339 |
| 500,001 -1,000,000 | 68 | 5.55% | 1148 | 62,899,161 | 1.86% | 223,725,500 |
| 1,000,001 - 5000000 | 50 | 4.08% | 1198 | 126,294,500 | 3.73% | 350,020,000 |
| 5,000,001 - 50000000 | 14 | 1.14% | 1212 | 243,481,743 | 7.18% | 593,501,743 |
| 50,000,001 -100000000 | 6 | 0.49% | 1218 | 417,219,345 | 12.31% | 1,010,721,088 |
| 100,000,001 -500000000 | 6 | 0.49% | 1224 | 1,565,964,951 | 46.20% | 2,576,686,039 |
| 500,000,001 -1000000000 | 1 | 0.08% | 1225 | 812,500,000 | 23.97% | 3,389,186,039 |
| **Grand Total** | 1,225 | 100.00% | | 3,389,186,039 | 100.00% | |

**Charitable contributions and donations**
The group made no contribution to charities during the year ended 31 December 2022 (2021: Nil).

**Employment and Employees**

**Employment of disabled persons**
No disabled person was employed by the Group during the year. However, it is the Group's policy to consider disabled persons for employment, bearing in mind the respective aptitudes and abilities of the applicants concerned.

**Health, Safety and Welfare of employees at Work**
The group places high premium on the health, safety and welfare of its employees in their places of work. To this end, the Group has various forms of insurance policies including Group life insurance to adequately secure and protect its employees. The group also has in place a healthcare insurance scheme for employees' medical needs.

## REPORT OF DIRECTORS

**Employees' Interest and Training**
The group places considerable value on the development of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and other forms of communication. The group organizes in-house and external training for its employees based on the requirements of their job. Overseas courses are also arranged where and when necessary.

**Events after the reporting date**
Directors are not aware of any significant event that occurred after the reporting date and up to the date of this Report.

**Format of financial statements**
The consolidated and separate financial statements of Resourcery Plc have been prepared in accordance with the reporting and presentation requirements of International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB), the provisions of the Companies and Allied Matters Act, 2020 and the requirements of the Financial Reporting Council of Nigeria Act No.6,2011.

**Auditor**
In accordance with Section 401(1) of the Companies and Allied Matters Act, 2020, Mazars Ojike & Partners having indicated their willingness, will continue in office as Auditor.

**BY ORDER OF THE BOARD**

JACKSON, ETTI & EDU
Company Secretary

**Jackson Etti & Edu**
**Secretary**
**FRC/2015/NBA/00000012847**

30th March **2023**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board and the requirements of the Companies and Allied Matters Act, 2020.

The directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company and of its loss for the year ended 31 December 2022. 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 internal financial control.

The Group recorded net loss of N647 million (2021: N226 million) while the Company reported a net loss of N647 million (2021: N226 million) for the year ended 31 December 2022 and as of that date the Group's total liabilities exceeded its total assets by N2.593 million (2021: N1.954 million) and the Company's total liabilities exceeded its total assets by N2.485 million (2021: N1.837 million). Also, as at 31 December 2022, the Group reported a negative working capital of N2.623 million (2021: N2.005 million) and the Company reported a negative working capital of N2.523 million (2021: N1.897 million)

The management has set up a Committee with the responsibility of putting risk assessment processes in place in ensuring the Group returns to a profitable position. The risk assessment process put in place includes effective Job Order assessment which involves detailed review of all contracts and collection of contract advance on all Purchase Orders. These initiatives along with the other cost savings actions are forecast to return the Company to profitability. Also, the Company has a plan to repay the short-term loan and part of its payables as soon as the liquidity position of the Company improves, and overdue payables is in progress. However, the timing and extent to which these developments will enable the Group returns to profitability and solvency is not certain at this stage.

The consolidated and separate financial statements has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

.......................................................
**Chairman**
**Babatunde Fafunwa**
**FRC/ 2014 /IODN/ 00000004310**
**_______30/03/2023**

.......................................................
**Managing Director**
**Andrew Ejoh**
**FRC/2014/IODN/00000004306**
**30/03/2023**

## STATEMENT OF CORPORATE RESPONSIBILITY

In accordance with the provisions of Section 405 Companies and Allied Matters Act 2020, we have reviewed the financial statement of the company for the year ended 31 December 2022 and based on our knowledge certify:

1. the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made;

2. the audited financial statements and all other financial information included in the statement fairly present, in all material respects, the financial condition and results of the operation of the company as of and for, the year ended 31 December 2022;

3. the company's internal controls have been designed to ensure that material information relating to the company and its subsidiary is made known to us by other officers of the companies, particularly for the reporting year;

4. the company's internal controls were evaluated within 90 days prior to the audited financial statement date and are effective as of 31 December 2022;

5. that we have disclosed to the Company's auditor and audit committee:

   i. all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the company's auditor any material weaknesses in internal controls and;

   ii. whether or not, there is any fraud that involves management or other employees who have a significant role in the company's internal control; and

6. that we have indicated where there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses.

| | |
|---|---|
| ........................................................ | ........................................................ |
| **Managing Director** | **Chief Financial Officer** |
| **Andrew Ejoh** | **Abiola Omolekan** |
| **FRC/2014/IODN/00000004306** | |

## REPORT OF THE AUDIT COMMITTEE

In accordance with the provisions of section 404(7) of the Companies and Allied Matters Act, 2020, the members of the Audit Committee of Resourcery Plc having carried out our statutory functions under the Act, hereby report as follows:

- The accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- The scope and planning of both the external and internal audit for the year ended 31st December 2022, are satisfactory and are in accordance with the Company's internal control system; and agreed ethical practices; and
- We are satisfied with the responses to our questions and the state of Affairs at Resourcery Plc.

**Members of the Audit Committee and its Statutory Meeting:**
The Company's Audit Committee held four meeting during the year under review, and same was held on 25th January 2022, 18th March 2022, 4th August 2022 and 14th December 2022. Members' attendance at the meeting for the period are detailed below:

| NO. | NAME | STATUS | DESIGNATION | ATTENDANCE |
|---|---|---|---|---|
| 1 | Mr. Tani Fafunwa | Directors' Representative | Chairman | 25th Jan 2022<br>18th Mar 2022<br>4th Aug 2022<br>14th Dec 2022 |
| 2 | Prince Babatunde Shobande | Shareholders' Representative | Member | 25th Jan 2022<br>18th Mar 2022<br>4th Aug 2022<br>14th Dec 2022 |
| 3 | Rev. Adegbayike Olusegun | Shareholders' Representative | Member | 25th Jan 2022<br>18th Mar 2022<br>4th Aug 2022<br>14th Dec 2022 |
| 4 | Mr. Ike Onyia | Directors' Representative | Member | 25th Jan 2022<br>18th Mar 2022<br>4th Aug 2022<br>14th Dec 2022 |
| 5 | Mr. Dawudo Musibau Olasunkanmi | Shareholders' Representative | Member | 25th Jan 2022<br>18th Mar 2022<br>4th Aug 2022<br>14th Dec 2022 |

**Chairman**
**MrTani Fafunwa**

**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF RESOURCERY PLC**

mazars

18 Oba Akran Avenue,
Ikeja,
Lagos,
Nigeria.
+234 818 016 8888
www.mazars.com.ng

## Report on the audit of the consolidated and separate financial statements

**Our Opinion**
In our opinion, the consolidated and separate financial statements of Resourcery Plc's ("the Company") and its subsidiary (together "the group") give a true and fair view of the consolidated and separate financial position as at 31 December 2022, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

**What we have audited**
Resourcery Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statement of financial position as at 31 December 2022;
- the consolidated and separate statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statement of changes in equity for the year then ended;
- the consolidated and separate statement of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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

**Material Uncertainty related to Going Concern**
We draw attention to Note 35 in the consolidated and separate financial statements which indicates the Group recorded net loss of N647 million (2021: 226 million) while the Company reported a net loss of N647 million (2021: N 226 million) for the year ended 31 December 2022 and as of that date the Group's total liabilities exceeded its total assets by N2.593 billion (2021: N1.837 billion) and the Company's total liabilities exceeded its total assets by N2.485 billion (2021: N1.837 billion). Also, as at 31 December 2022, the Group reported a negative working capital of N2.623 billion (2021: N2.005 billion) and the Company reported a negative working capital of N2.523 billion (2021: N1.897 billion). These conditions, along with other matters as presented in Note 35, indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matter**
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. 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. For each matter below, a description of how our audit addressed the matter is provided in that context.

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| Inventories (refer to notes 17)<br><br>The group and company have inventories that are significant to the consolidated and separatefinancial statements.<br>As at 31 December 2022, the group and company's inventories stood at N278.268 million and N278.268 million as at year-end respectively.<br><br>Inventories represent 12% of the Group and company's current assets respectively (2021; 15% respectively).<br><br>In line with IAS 2, Inventories are to be valued at lower of cost and Net Realisable value. Given the significant amount of the total inventories, we were not provided sufficient appropriate evidence to validate that inventories were measured at the lower of cost and Net Realizable value. Additional inventories included were carried from projects that fell through in prior periods hence signaling obsolescence and technological decline. Estimates were involved in arriving at the costs of the inventories carried from the prior period but the audit evidence was not sufficient and appropriate to substantiate if the inventory items were measured at the lower of costs and net realizable value.<br><br>We considered the inventories to be a key audit matter due to the materiality of the balances and the effect it has on the Group and the Company's working capital requirement. | Our audit procedures on the inventories include among others:<br><br>• We participated in the year-end inventory count carried out by management at year-end.<br><br>• We test the valuation method used by management.<br><br>• We evaluate and carry out tests to measure if the inventories are carried at a lower of cost or net realizable value. |

**Other information**

The Directors are responsible for the other information. The other information comprises the Directors Report, Statement of Director's Responsibilities, Statement of Corporate Responsibility, Statement of Value Added and Five-Year Financial Summary (but 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 express any form of assurance thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information 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.

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

**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 and in a manner required by the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act No. 6, 2011, 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 has 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 misstate me nt 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

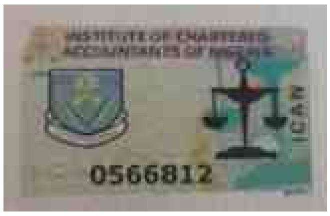
## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

**Report on other legal and regulatory requirements**
The Companies and Allied Matters Act, 2020 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) The Group has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) The Group's statement of financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.




**Uhabia Ojike FCA**
**FRC/2013/ICAN/00000004748**
**For: Mazars Ojike and Partners**
**Lagos, Nigeria**
**31 March 2023**

## CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Notes | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
| Revenue from contracts with customers | 5 | 1,531,634 | 1,065,162 | 1,531,634 | 1,065,162 |
| Cost of sales | 6 | (1,013,546) | (671,975) | (1,013,546) | (671,975) |
| Gross profit | | **518,088** | **393,187** | **518,088** | **393,187** |
| Administrative expenses | 7 | (295,921) | (321,018) | (295,706) | (320,591) |
| Impairment loss expense | 8 | (20,404) | (11,057) | (20,404) | (11,057) |
| Other operating expenses | 9 | (814,592) | (276,989) | (814,592) | (276,989) |
| Operating loss | | **(612,829)** | **(215,877)** | **(612,614)** | **(215,450)** |
| Finance costs | 10.1 | (4,606) | (4,302) | (4,606) | (4,302) |
| Finance Income | 10.2 | 62 | 1,434 | 62 | 1,434 |
| Share of losses in associate | 14.2 | - | - | - | - |
| Loss before tax | | **(617,373)** | **(218,745)** | **(617,158)** | **(218,318)** |
| Income tax expense | 26 | (30,125) | (7,948) | (30,125) | (7,948) |
| Loss for the year | | **(647,498)** | **(226,693)** | **(647,283)** | **(226,266)** |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | (647,498) | (226,693) | (647,283) | (226,266) |
| Non- controlling interests | 14.2 | - | - | - | - |
| | | **(647,685)** | **(226,693)** | **(647,283)** | **(226,266)** |
| **Other comprehensive income (OCI) Items that may be reclassified subsequently to profit or loss.** | | | | | |
| Exchange difference on translating foreign operation | 21.3 | 8,602 | (1,402) | - | - |
| **Items that will not be reclassified subsequently to profit or loss.** | | | | | |
| Net gain on equity instruments at fair value through OCI | | - | - | - | - |
| Other comprehensive income/(loss) for the year, net of tax | | **8,602** | **(1,402)** | - | - |
| ' | | | | | |
| Total comprehensive loss for the year, net of tax | | **(638,896)** | **(228,095)** | **(647,283)** | **(226,266)** |
| **Attributable to:** | | | | | |
| Equity holders of the parent | | (638,896) | (228,095) | (647,283) | (226,266) |
| Non- controlling interests | | - | - | - | - |
| | | **(638,896)** | **(228,095)** | **(647,283)** | **(226,266)** |
| Basic/Diluted loss per share (Naira) | | **(0.19)** | **(0.07)** | **(0.19)** | **(0.07)** |

See notes to the consolidated and separate financial statements.

## STATEMENT OF FINANCIAL POSITION

| | Notes | THE GROUP 31 Dec 2022 N'000 | THE GROUP 31 Dec 2021 N'000 | THE COMPANY 31 Dec 2022 N'000 | THE COMPANY 31 Dec 2021 N'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | **12** | 3,483 | 5,432 | 3,483 | 5,432 |
| Investment in subsidiary | **14.1** | - | - | 7,725 | 7,725 |
| Investment in associate | **14.2** | - | - | 600 | 600 |
| Investment in preference shares | **14.3** | 25,309 | 44,590 | 25,309 | 44,590 |
| Equity investment | **15** | 1,680 | 1,680 | 1,680 | 1,680 |
| | | **30,472** | **51,702** | **38,797** | **60,027** |
| **Current assets** | | | | | |
| Inventories | **16** | 278,268 | 361,955 | 278,268 | 361,955 |
| Trade and other receivables | **17** | 2,025,488 | 1,936,350 | 2,075,983 | 1,947,432 |
| Prepayments | **18** | 2,592 | 174 | 2,592 | 174 |
| Contract assets | **18.1** | 255 | 255 | 255 | 255 |
| Cash and cash equivalents | **19** | 21,522 | 105,388 | 21,442 | 105,241 |
| **TOTAL ASSETS** | | **2,328,125** | **2,404,122** | **2,378,540** | **2,415,057** |
| **EQUITY AND LIABILITIES** | | **2,358,597** | **2,455,824** | **2,417,337** | **2,475,084** |
| **Equity** | | | | | |
| Issued capital | **20** | 1,694,593 | 1,694,593 | 1,694,593 | 1,694,593 |
| Share premium | **21.1** | 352,752 | 352,752 | 352,752 | 352,752 |
| Foreign currency translation reserves | **21.3** | 3,829 | (4,773) | - | - |
| Fair value reserves | **21.2** | - | 35,791 | - | 35,791 |
| Accumulated losses | | (4,643,803) | (4,032,096) | (4,531,998) | (3,920,506) |
| **Total Equity** | | **(2,592,629)** | **(1,953,733)** | **(2,484,653)** | **(1,837,370)** |
| **Current Liabilities** | | | | | |
| Interest bearing loans and borrowings | **22** | 66,448 | 5,040 | 66,448 | 5,040 |
| Trade and other payables | **24** | 4,615,629 | 3,677,984 | 4,558,339 | 3,572,827 |
| Contract liabilities | **25** | 185,241 | 672,750 | 185,241 | 672,750 |
| Current tax liabilities | **26** | 83,908 | 53,783 | 91,962 | 61,837 |
| | | **4,951,226** | **4,409,557** | **4,901,990** | **4,312,454** |
| **TOTAL LIABILITIES** | | **4,951,226** | **4,409,557** | **4,901,990** | **4,312,454** |
| **TOTAL EQUITY AND LIABILITIES** | | **2,358,597** | **2,455,824** | **2,417,337** | **2,475,084** |

Consolidated and separate financial statements of Resourcery Plc for the year ended 31 December 2022 were authorized for issue in accordance with the resolution of the Board of Directors on 30th March, 2022 and were signed on their behalf by:

.....................................................

**Chairman**
**Babatunde Fafunwa**
**FRC/ 2014 /IODN/ 00000004310**

.....................................................

**Managing Director**
**Andrew Ejoh**
**FRC/2014/IODN/00000004306**

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

## CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## STATEMENT OF CHANGES IN EQUITY

| THE GROUP | Share Capital | Share premium | Foreign currency translation reserve | Fair value reserves | Accumulated losses | Total | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| **At 1 January 2022** | 1,694,593 | 352,752 | (4,773) | 35,791 | (4,032,096) | (1,953,733) | - | (1,953,733) |
| Loss for the year | - | - | - | - | (647,498) | (647,498) | - | (647,498) |
| Other comprehensive income; net of tax | - | - | 8,602 | - | - | 8,602 | - | 8,602 |
| **Total Comprehensive income; net of tax** | **-** | **-** | **8,602** | **-** | **(647,498)** | **(638,896)** | **-** | **(638,896)** |
| Reclassification | - | - | - | (35,791) | 35,791 | - | - | - |
| **At 31 December 2022** | **1,694,593** | **352,752** | **3,829** | **-** | **(4,643,803)** | **(2,592,629)** | **-** | **(2,592,629)** |
| **At 1 January 2021** | 1,694,593 | 352,752 | (3,371) | 35,791 | (3,805,403) | (1,725,638) | - | (1,725,638) |
| Loss for the year | - | - | - | - | (226,693) | (226,693) | - | (226,693) |
| Other comprehensive loss, net of tax | - | - | (1,402) | - | - | (1,402) | - | (1,402) |
| **Total Comprehensive loss, net of tax** | **-** | **-** | **(1,402)** | **-** | **(226,693)** | **(228,095)** | **-** | **(228,095)** |
| **At 31 December 2021** | **1,694,593** | **352,752** | **(4,773)** | **35,791** | **(4,032,096)** | **(1,953,733)** | **-** | **(1,953,733)** |

See notes to the consolidated and separate financial statements.

| THE COMPANY | Share Capital N'000 | Share premium N'000 | Accumulated losses N'000 | Fair value reserves N'000 | Total Equity N'000 |
|---|---|---|---|---|---|
| **At 1 January 2022** | 1,694,593 | 352,752 | (3,920,506) | 35,791 | (1,837,370) |
| Loss for the year | - | - | (647,283) | - | (647,283) |
| Other comprehensive income;net of tax | - | - | - | | - |
| **Total Comprehensive loss, net of tax** | **-** | **-** | **(647,283)** | **-** | **(647,283)** |
| Reclassification | - | - | 35,791 | (35,791) | - |
| **At 31 December 2022** | **1,694,593** | **352,752** | **(4,531,998)** | **-** | **(2,484,653)** |
| **At 1 January 2021** | 1,694,593 | 352,752 | (3,694,240) | 35,791 | (1,611,104) |
| Loss for the year | - | - | (226,266) | - | (226,266) |
| Other comprehensive loss; net of tax | - | - | - | - | - |
| **Total Comprehensive loss, net of tax** | **-** | **-** | **(226,266)** | **-** | **(226,266)** |
| **At 31 December 2021** | **1,694,593** | **352,752** | **(3,920,506)** | **35,791** | **(1,837,370)** |

See notes to the consolidated and separate financial statements.

## CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Notes | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
| **Cash flows from operating activities** | | | | | |
| Loss before tax | | (617,373) | (218,745) | (617,158) | (218,318) |
| **Adjustments to reconcile loss before tax to net cash flows:** | | | | | |
| Depreciation of property, plant and equipment | 7 | 3,459 | 3,403 | 3,459 | 3,403 |
| Loan forgiveness | 22.2 | - | (8,645) | - | (8,645) |
| Profit on disposal of property, plant and equipment | 9 | (10,013) | (1,446) | (10,013) | (1,446) |
| Impairment of trade receivables | 8 | 1,123 | (8,224) | 1,123 | (8,224) |
| Impairment of investment in preference shares | 8 | 19,281 | 19,281 | 19,281 | 19,281 |
| Accrued interest | 22.2 | 9,936 | 4,861 | 9,936 | 4,861 |
| Finance costs | 10.1 | 4,606 | 4,302 | 4,606 | 4,302 |
| Finance Income | 10.2 | (62) | (1,434) | (62) | (1,434) |
| Net foreign exchange difference | 22.2 | - | 527 | - | 527 |
| Interest waiver | 9 | - | (5,311) | - | (5,311) |
| | | **(589,043)** | **(211,431)** | **(588,828)** | **(211,004)** |
| **Changes in working capital** | | | | | |
| Decrease/(Increase) in Inventories | | 83,687 | (74,619) | 83,687 | (74,619) |
| Increase in trade and other receivables | | (90,262) | (101,671) | (129,674) | (39,780) |
| (Increase)/Decrease in Prepayments | | (2,418) | 498 | (2,418) | 498 |
| Increase/(Decrease) in trade and other payables | | 933,040 | (57,520) | 980,906 | (121,245) |
| (Decrease)/!ncrease in contract liabilities | | (487,509) | 635,832 | (487,509) | 635,832 |
| **Cash (used in)/generated from operations** | | **(152,505)** | **191,089** | **(143,836)** | **189,682** |
| Income tax paid | 26 | - | - | - | - |
| ; | | | | | |
| Net cash (used in)/generated from operating activities | | **(152,505)** | **191,089** | **(143,836)** | **189,682** |
| **Cash flows from investing activities** | | | | | |
| Proceeds from sale of property, plant and equipment | | 10,013 | 2,734 | 10,013 | 2,734 |
| Purchase of property, plant and equipment | 12 | (1,510) | (2,560) | (1,510) | (2,560) |
| Net cash from investing activities | | **8,503** | **174** | **8,503** | **174** |
| **Cash flows from financing activities** | | | | | |
| Proceeds from borrowing | 22.2 | 109,767 | 25,000 | 109,767 | 25,000 |
| Repayment of borrowings | 22.2 | (52,250) | (125,795) | (52,250) | (125,795) |
| Finance income | | 62 | 1,434 | 62 | 1,434 |
| Interest paid | 22.2 | (6,045) | (1,500) | (6,045) | (1,500) |
| Net cash used in financing activities | | **51,534** | **(100,861)** | **51,534** | **(100,861)** |
| Net (decrease)/increase in cash and cash equivalents | | (92,468) | 90,402 | (83,799) | 88,995 |
| Unrealised exchange difference | | 8,602 | (1,402) | - | - |
| Cash and cash equivalents at 1 January | | 105,388 | 16,388 | 105,241 | 16,246 |
| Cash and cash equivalents at 31 December | 19 | **21,522** | **105,388** | **21,442** | **105,241** |

See notes to the consolidated and separate financial statements.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

**1 General information**

**a) Corporate information:**
The consolidated and separate financial statements of Resourcery Plc and its subsidiary (the Group) for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on March 30, 2023. Resourcery Plc (the Company) was incorporated on 14 March 1985 as a limited liability company in accordance with the provisions of the Companies and Allied Matters Act, 1968, commenced operations on 15 April 1985. On 20 May 2008, in accordance with the provisions of the Companies and Allied Matters Act, 2020, the Company was converted to Public Limited Liability Company. The company shares are yet to be listed on the Nigerian Stock Exchange (NSE). The company is domiciled in Nigeria and the registered office is located at 17/19 Idowu Taylor Street, Victoria Island, Lagos.

**b) Principal activities:**
The principal activities of the Company locally and internationally during the year continue to be the supply, installation and maintenance of communications, telecommunications and information technology systems.

**c) Statement of Compliance**
The consolidated and separate financial statements of Resourcery Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**d) Operating environment**
Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political, social, and legislative risks. Prior to 31 December 2022, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general. The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affecting the Company's access to capital and cost of capital for the Company and more generally, its business, results of operations, financial condition and prospects.

Because Nigeria produces and exports large volumes of oil, Nigeria's economy is particularly sensitive to the price of oil on the world market which has fluctuated significantly during the financial year ended 31 December 2022.

**2 Significant accounting policies**
The significant accounting policies applied in the preparation of the consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All entities within the Group apply the same accounting policies.

**2.1 Basis of preparation**
These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated and separate financial statements have been prepared under the historical cost basis, except for equity instruments that have been subsequently measured at fair value through other comprehensive income (FVOCI) and inventory is measured at lower of cost or net realisable value. The consolidated and separate financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

The consolidated and separate financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the notes, comprising of a summary of significant accounting policies, other explanatory notes and Other national disclosures (Statement of value added and Five-year financial summary).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.1 Basis of preparation - Continued**

The preparation of the consolidated and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group and the Company's accounting policies. Changes in assumptions may have a significant impact on the consolidated and separate financial statements in the period the assumptions changed. The directors believe that the underlying assumptions are appropriate and that the Group and Company's financial statements therefore present the financial position and results fairly. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the consolidated and separate financial statements.

**Current versus non-current classification**

The group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.2 Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee) .
- Exposure, or rights, to variable returns from its involvement with the investee, and .
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee .
- Rights arising from other contractual arrangements .
- The group's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.2 Basis of Consolidation - Continued**

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it:
Derecognises the assets (including goodwill) and liabilities of the subsidiary
Derecognises the carrying amount of any non-controlling interests
Derecognises the cumulative translation differences recorded in equity
Recognises the fair value of the consideration received
Recognises the fair value of any investment retained
Recognises any surplus or deficit in profit or loss
Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The consolidated and separate financial statements of the Group include that of:

| Name | Principal Activities | Country of Incorporation | Percentage | Nature of interest |
|---|---|---|---|---|
| Resourcery Plc | Resoucery Plc's principal activities includes supply, installation and maintenance of communications, telecommunications and information technology systems. | Nigeria | | Parent |
| Resourcery Ghana Ltd. | Resourcery Ghana Limited, which is involved in the supply, installation and maintenance of communication, telecommunication and information technology system. Resourcery Ghana is a private entity. The company established Resourcery Ghana in order to significantly expand its business within the African countries and also to bridge the gap with its African customers. | Ghana | 100% | Subsidiary |
| Triversa Solutions Limited | Triversa Solutions Limited is involved in sales and implementation of the Business Application Solutions. The entity was also established to handle the software aspects of the Group business. | Nigeria | 30% | Associate |

**2.3 Summary of significant accounting policies**

**a) Investment in associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not in control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiary. The group's investment in its associate are accounted for using the equity method.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.3 Summary of significant accounting policies - Continued**

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiary of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

If the company's share of losses of an associate equals or exceeds its interest in the associate, the company discontinues recognising its share of further losses. The interest in an associate or joint venture is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the company's net investment in the associate. If the associate subsequently reports profits, the company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

**b) Accounting for other entities in the separate financial statements**

In the separate financial statements of Resourcery Plc (the Company), investment in subsidiary is recognised at cost and dividend income is recognised in other income in profit or loss of the Company.

The company assesses at the end of each reporting period whether there is objective evidence that an investment is impaired. An investment 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 investment and has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the recoverable amount. The carrying amount of the asset is reduced and the amount of the loss is recognised in the 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, the reversal of the previously recognised impairment loss is recognised in the profit or loss.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.3 Summary of significant accounting policies - Continued**

**c) Fair value measurement**

The group measures its equity securities classified as fair value through other comprehensive income, at fair value at each reporting date. Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are summarized in the notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is disclosed in the consolidated and separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated and separate financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**d) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the consolidated and separate financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated and separate financial statements are presented in 'Naira' (N), which is the Group's presentation and functional currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into Naira using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Foreign exchange gains and losses are presented in the statement of profit or loss within other operating income or administrative expenses.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 2.3 Summary of significant accounting policies - Continued

**(ii) Transactions and balances - Continued**

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

**(iii) Foreign Operations**

On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

**e) Revenue from contracts with customers**

The company is principally engaged in the supply, installation and maintenance of communications, telecommunication and information technology systems.

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

**Equipment Supply and Installation**

Revenue from supply of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from the sale of goods is recognised at a point in time, generally upon delivery of the goods. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the supply contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The group also provides installation services that are either sold separately or bundled together with the supply of equipment to a customer. The installation services can be obtained from other providers and do not significantly customise the supply of the equipment.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services. The group recognises revenue from installation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the supply of equipment are recognised at a point in time, generally upon delivery of the equipment.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 2.3 Summary of significant accounting policies - Continued

**Support Services**
The group provides support services such as Software support, Hardware Support, Performance Monitoring, On-site Technical Support and Maintenance Services. The services represent a series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

The group recognises revenue from managed support services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

**Variable Consideration**
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for services contain penalties which may give rise to a reduction in the amount receivable from the customer, hence, variable consideration.

**• Significant financing component**
With respect to performance obligations for which the period between when the Group transfers a promised good or service to the customer and when the customer pays for that good or service is less than one year, the Group applies the practical expedient permitted by IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component.

In those cases in which there is a contractual or legal right to charge late-payment interest owing to the delay in collection with respect to the contractually established periods, such interest is only recognised when it is highly probable that it will actually be collected.

**Contract balances**

**• Trade receivables**
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under financial instruments - initial recognition and subsequent measurement.

**• Contract liabilities**
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### f) Property, Plant and Equipment

**Recognition and measurement**
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses , if any.

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 recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity: and (b) the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit or loss statement during the period in which they were incurred.

**Subsequent costs**
The cost of replacing a part of an item of property or equipment is recognised 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 derecognised. The cost of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 2.3 Summary of significant accounting policies - Continued

**Depreciation**
Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal Group is not depreciated while it is classified as held for sale.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Computer equipment | - 2 years |
| Furniture and fittings | - 4 years |
| Motor vehicles | - 4 years |
| Office equipment | - 4 years |

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prespectively if appropriate. When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the Company estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

**De-recognition**
An item of property,plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised in profit or loss during the period in which they were incurred.

**g) Intangible assets**
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates prospectively. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Navision Dynamics | 4 years |

Navision Dynamics is the computer software purchased by the Company since 2014 and this is the only enterprise resource planning software used by the Company.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.3 Summary of significant accounting policies - Continued**

**h) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and Groups. Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**i) Financial Instruments**

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.

**i) Financial assets**
**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified at initial recognition as, amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

**Financial assets - Classification**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.3 Summary of significant accounting policies - Continued**

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The company's financial assets includes financial assets at amortised cost and fair value through OCI.

**Financial assets at amortised cost (debt instruments)**

The group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost includes trade and other receivables, and redeemable preference shares.

**Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

• The rights to receive cash flows from the asset have expired

Or

• The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 2.3 Summary of significant accounting policies - Continued

**Impairment of financial assets**
The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

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

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

The group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

• PD — The Probability of Default is an estimate of the likelihood of default over a given time horizon.

• EAD — The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

• LGD — The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside) . Each of these is associated with different PDs, EADs and LGDs. In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil price
- Exchange rate
- Inflation rate

**Write-offs**
Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.3 Summary of significant accounting policies - Continued**

**ii) Financial liabilities**
**Initial recognition and measurement**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and other liabilities, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables and borrowings.

**Subsequent measurement**
The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The group has not designated any financial liability as at fair value through profit or loss.

**Other liabilities**
After initial recognition, other liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

**Derecognition**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**iii) Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**j) Inventory and work-in-progress**
Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

| | |
|---|---|
| Raw materials, non-returnable | - purchase cost on a weighted average basis including transportation and applicable clearing charges. |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.3 Summary of significant accounting policies - Continued**

| | |
|---|---|
| Finished goods and work in progress | - average cost of direct materials and labour plus the appropriate amount attributable to overheads. This comprises mainly of on-going networking projects. The group transfers such assets to the appropriate class once they are completed. |
| Inventory-in-transit | - purchase cost incurred to date. |

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

**k) Share capital**

The company has one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

**Share issue costs**

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

**Dividend on ordinary shares**

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

**Fair value reserves**

Fair value through other comprehensive income assets are measured at fair value and the movement is in the Other comprehensive income and fair value reserve. It is a non-distributable reserve

**i) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs recognised when the Group has a detailed formal plan for the restructuring that has been communicated to the affected parties. Provisions are not recognised for future operating losses. The group discloses contingent liability where it is a possible obligation that arises from past events and whose occurrence or non-occurrence is contingent on one or more uncertain future events not wholly within the control of the entity; 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. The group also makes disclosure about possible assets 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.

Provisions are measured at the present value of the expenditures expected to be incurred to settle the obligation, using the pre-tax discount rate that reflects the current assessment of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as interest expense.

Contingent assets are disclosed only when they are probable.

**m) Current and deferred income tax**

The tax for the period comprises current and deferred 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 recognised in other comprehensive income or directly in equity respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Education tax is computed at 2.5% of the assessable profits. The Company's liability for income and education taxes are calculated using tax rates that have been enacted or substantively enacted under the Companies Income Tax Act and the Education Tax Act at the statement of financial position date.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 2.3 Summary of significant accounting policies - Continued

The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted under the Companies Income Tax Act at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated and separate financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Education tax is computed at 2.5% of the assessable profits.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits and sufficient taxable temporary difference in the future will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

### n) Employee retirement benefits

**Short term employee benefits**
These are benefits that are expected to be settled wholly, before twelve months after the end of the annual reporting period in which the employee rendered the related service. According to IAS 19, all short term benefits are to be recognised and measured as liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefit, the Company shall recognise the excess as an asset, to the extent that the prepayment will lead to future reduction in future payment or cash refund or as an expense.

**Defined Contribution scheme**
The company operates a defined contribution plan which is funded by contributions from the Company and the employees which is funded through payroll being 10% for Company and 8% for employees on qualifying emoluments as contained in the amended Pension Reform Act 2014. The amount contributed by the Company is recognised as employee benefit expenses and charged to the statement of profit or loss. The company has no further payment obligation once the contributions have been paid.

### o) Loss per share
Basic loss per share is calculated by dividing net loss after tax attributable to ordinary 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 year.

Diluted loss per share adjusts the figures used in the determination of basic loss 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**2.3 Summary of significant accounting policies - Continued**

**p) Convertible preference shares**

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

**2.4 Standards that became effective during the year**

**Definition of Material -Amendments to IAS 1 and IAS 8**

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

**Definition of a Business -Amendments to IFRS 3**

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

**Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7**

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

**Revised Conceptual Frameworkfor Financial Reporting**

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator andthat, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 2.4 Standards that became effective during the year

**Reference to the Conceptual Framework - Amendments to IFRS 3**
Minor amendments were made to IFRS 3 Business Combinations to update the references 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 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

Effective date is 1 January 2022

**Property, Plant and Equipment: Proceeds before intended use -Amendments to IAS 16**
The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning property' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Effective date is 1 January 2022

**Onerous Contracts - Cost of Fulfilling a Contract Amendments to IAS 37**
The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Effective date is 1 January 2022

**Annual Improvements to IFRS Standards 2018-2020**

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 - amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
• IFRS 1 First-time Adoption of International Financial Reporting Standards - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
• IAS 41 Agriculture - removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Effective date is 1 January 2022

**Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28**
The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prespectively.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**Covid-19-related Rent Concessions**
As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

Effective date is 1 June 2020. However, Amendment (lessee only): IFRS 16 and Covid-19 - Extension of practical expedient, relief will now extend to 30 June 2022. The 2021 amendments are effective for annual reporting periods beginning on or after 1 April 2021.

### 2.5 Standards issued but not yet effective
The following new pronouncements, considered relevant to the company, are not yet effective as at 31 December 2021 and have not been early adopted by the Group. The Group's assessment of the impact of these new standards, interpretations or amendments is set out below.

**a. Classification of Liabilities as Current or Non-current - Amendments to IAS 1**
The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, 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 (eg the receipt of a waver 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.

Effective date is 1 January 2024.

**b. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**
The changes to IAS 8 focus entirely on accounting estimates and clarify the following:
- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The preparation of the the Group's consolidated and separate financial statements in conformity with IFRSs requires management to make judgements, 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in relation to the following:

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

The preparation of the the Group's consolidated and separate financial statements in conformity with IFRSs 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in relation to the following:

**3. Significant accounting judgments, estimates and assumptions**

**a) Impairment of financial instruments**

**(i) Provision for expected credit losses of trade receivables**
The group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for Groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 17.1.

**(ii) Measurement of the expected credit loss allowance for other financial assets**
The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 35.1, which also sets out key sensitivities of the ECL to changes in these elements. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and Establishing Groups of similar financial assets for the purposes of measuring ECL.

**b) Revenue from Contracts with Customers**
The group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

**Determining the timing of satisfaction of supply of equipment**
The group concluded that revenue for sales of product is to be recognised as a point in time; when the customer obtains control of the products. The group assess when control is transferred using the indicators below:

• The group has a present right to payment for the product;
• The group has legal title to the product;
• The group has transferred physical possession of the asset and delivery note received;
• The group has the significant risks and rewards of ownership of the product; and
• The group has accepted the asset

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**3. Significant accounting judgments, estimates and assumptions - Continued**

**Determining the timing of satisfaction of services**
Revenue from contract with customers is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the service that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The group has determined that the input method is the best method in measuring progress because it can demonstrate that the invoiced amount corresponds directly with the value to the customer of the Group's performance completed to date.

**c) Impairment of non-financial assets**
Determining whether assets are impaired requires an estimation of the value-in-use of the cash-generating units to which assets have been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The assets were tested for impairment and there was no indication of impairment observed after testing. Therefore, no impairment loss was recognised during the year ended 31 December 2022 (2021: Nil).

**d) Deferred taxation**
The company and its subsidiary are subject to income taxes within Nigeria and the countries where the subsidiary are domiciled which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilize the deferred tax assets. An assumption over the generation of future taxable profits depends on management's estimates of future cash flows. The estimates are based on the future cash flow from operations.

**e) Fair value of financial instruments**
When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**f) Property, plant and equipment**
Judgements are utilised in determining the depreciation rates and useful lives of these assets at the end of the period. These financial statements have, in management's opinion, been property prepared within reasonable limits of materiality and within the framework of the summarized accounting policies. Refer to note 12.

**g) Going concern assessment**
Management is aware of certain conditions such as continuous loss position, negative equity and net current liabilities that indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Refer to note 34.

**4 Segment information**
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**4 Segment Information - Continued**

**4.1 Business Information**

For management purposes, the Group is organized into business units based on its products and services. Management currently identifies the Group's three service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated and separate financial statements. However, income taxes, finance income, finance expenses and some other administrative expenses are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

**THE GROUP**

Business information can be analysed as follows for the reporting periods under review:

| | Networking | Equipment supply | Support services | Total segments |
|---|---|---|---|---|
| **Year ended 31 December 2022** | **N'000** | **N'000** | **N'000** | **N'000** |
| Revenue from contracts with customers | | | | |
| External customers | 1,276,868 | 159,007 | 95,759 | 1,531,634 |
| Total revenue from contracts with customers | 1,276,868 | 159,007 | 95,759 | 1,531,634 |
| Total cost of sales | (844,913) | (105,216) | (63,417) | (1,013,546) |
| Gross profit | 431,955 | 53,791 | 32,342 | 518,088 |
| Depreciation of Property, plant and Equipment | (2,883) | (359) | (217) | (3,459) |
| Net impairment charge of Trade receivables | (936) | (117) | (70) | (1,123) |
| Employee benefits | (189,460) | (23,594) | (14,220) | (227,274) |
| Segment profit | 238,676 | 29,721 | 17,835 | 286,232 |
| **Total assets** | | | | |
| Non current asset | 25,402 | 3,163 | 1,907 | 30,472 |
| Current asset | 1,940,774 | 241,682 | 145,669 | 2,328,125 |
| | 1,966,176 | 244,845 | 147,576 | 2,358,597 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 4 Segment Information - Continued

### 4.1 Business Information - Continued

| | Networking N'000 | Equipment supply N'000 | Support services N'000 | Total segments N'000 |
|---|---|---|---|---|
| **Total liabilities** | | | | |
| Interest bearing loans and borrowings | 55,392 | 6,898 | 4,158 | 66,448 |
| Contract liabilities | 154,421 | 19,230 | 11,590 | 185,241 |
| Trade and other payables | 3,893,181 | 484,814 | 237,634 | 4,615,629 |
| | 4,046,380 | 503,892 | 249,926 | 4,800,198 |
| **Year ended 31 December 2021** | | | | |
| Revenue from contracts with customers | | | | |
| External customers | 819,934 | 127,426 | 117,802 | 1,065,162 |
| Total revenue from contracts with customers | 819,934 | 127,426 | 117,802 | 1,065,162 |
| Total cost of sales | (528,389) | (89,992) | (53,594) | (671,975) |
| Gross Profit | 291,545 | 37,434 | 64,208 | 393,187 |
| Depreciation of Property, plant and Equipment | (2,618) | (406) | (379) | (3,403) |
| Net impairment charge of Trade receivables | 6,332 | 979 | 913 | 8,224 |
| Employee benefits | (137,122) | (21,192) | (19,767) | (178,081) |
| Segment profit | 158,137 | 16,815 | 44,975 | 219,927 |

| **Total assets** | Networking N'000 | Equipment supply N'000 | Support services N'000 | Total segments N'000 |
|---|---|---|---|---|
| Non current asset | 39,811 | 6,204 | 5,687 | 51,702 |
| Current asset | 1,851,174 | 288,495 | 264,453 | 2,404,122 |
| | 1,890,985 | 294,699 | 270,140 | 2,455,824 |
| **Total liabilities** | | | | |
| Interest bearing loans and borrowings | 3,881 | 600 | 559 | 5,040 |
| Contract liabilities | 518,018 | 80,057 | 74,675 | 672,750 |
| Trade and other payables | 2,832,048 | 437,680 | 408,256 | 3,677,984 |
| | 3,353,946 | 518,337 | 483,491 | 4,355,774 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 4 Segment Information - Continued

| THE COMPANY | Networking | Equipment supply | Support services | Total segments |
|---|---|---|---|---|
| **Year ended 31 December 2022** | **N'000** | **N'000** | **N'000** | **N'000** |
| Revenue from contracts with customers | | | | |
| External customers | 1,276,868 | 159,007 | 95,759 | 1,531,634 |
| Total revenue from contracts with customers | 1,276,868 | 159,007 | 95,759 | 1,531,634 |
| Cost of sales | | | | |
| External customers | (844,913) | (105,216) | (63,417) | (1,013,546) |
| Total cost of sales | (844,913) | (105,216) | (63,417) | (1,013,546) |
| Gross profit | 431,955 | 53,791 | 32,342 | 518,088 |
| Depreciation of Property, plant and Equipment | (2,884) | (359) | (216) | (3,459) |
| Net impairment charge of Trade receivables | (936) | (117) | (70) | (1,123) |
| Employee benefit | (189,460) | (23,594) | (14,220) | (227,274) |
| Segment profit | 238,675 | 29,721 | 17,836 | 286,232 |
| **Total assets** | | | | |
| Non current asset | 32,342 | 4,028 | 2,428 | 38,798 |
| Current asset | 1,982,801 | 246,916 | 148,823 | 2,378,540 |
| | 2,015,143 | 250,944 | 151,251 | 2,417,338 |
| **Total liabilities** | | | | |
| Interest bearing loans and borrowings | 55,392 | 6,898 | 4,158 | 66,448 |
| Contract liabilities | 154,421 | 19,230 | 11,590 | 185,241 |
| Trade and other payables | 3,795,523 | 472,652 | 284,881 | 4,553,056 |
| | 4,005,336 | 498,780 | 300,629 | 4,804,745 |

| | Networking | Equipment supply | Support services | Total segments |
|---|---|---|---|---|
| **Year ended 31 December 2021** | **N'000** | **N'000** | **N'000** | **N'000** |
| Revenue from contracts with customers | | | | |
| External customers | 819,934 | 127,426 | 117,802 | 1,065,162 |
| Total revenue from contracts with customers | 819,934 | 127,426 | 117,802 | 1,065,162 |
| Cost of sales | | | | |
| External customers | (528,389) | (89,992) | (53,594) | (671,975) |
| Total cost of sales | (528,389) | (89,992) | (53,594) | (671,975) |
| Gross profit | 291,545 | 37,434 | 64,208 | 393,187 |
| Depreciation of Property, plant and Equipment | (2,620) | (407) | (376) | (3,403) |
| Net impairment charge of Trade receivables | 6,331 | 984 | 910 | 8,224 |
| Employee benefit | (181,544) | (28,214) | (26,083) | (235,841) |
| Segment profit | 113,712 | 9,797 | 38,659 | 162,167 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 4 Segment Information - Continued

| | Networking N'000 | Equipment supply N'000 | Support services N'000 | Total segments N'000 |
|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | |
| **Total assets** | | | | |
| Non current asset | 46,207 | 7,181 | 6,639 | 60,027 |
| Current asset | 1,859,048 | 288,915 | 267,094 | 2,415,057 |
| | 1,905,255 | 296,096 | 273,733 | 2,475,084 |
| **Total liabilities** | | | | |
| Interest bearing loans and borrowings | 3,880 | 603 | 557 | 5,040 |
| Contract liabilities | 517,865 | 80,482 | 74,403 | 672,750 |
| Trade and other payables | 2,750,269 | 427,420 | 395,138 | 3,572,827 |
| | 3,272,015 | 508,504 | 470,098 | 4,250,617 |

**Reconciliation of liabilities**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Segment liabilities | | | | |
| Income tax liabilities | 4,867,318 | 4,355,774 | 4,810,028 | 4,250,617 |
| | 83,908 | 53,783 | 91,962 | 61,837 |
| Total liabilities | 4,951,226 | 4,409,557 | 4,901,990 | 4,312,454 |

**Reconciliation of segment profit/(loss)**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Segment profit | 286,232 | 219,927 | 286,232 | 162,167 |
| Administrative expense | (175,462) | (317,212) | (288,528) | (173,420) |
| Other operating income | (814,592) | (276,989) | (814,592) | (276,989) |
| Finance Income | 62 | 1,434 | 62 | 1,434 |
| Finance expenses | (4,606) | (4,302) | (4,606) | (4,302) |
| Loss before tax | (708,366) | (377,143) | (821,432) | (291,110) |

**Administrative expenses**

Administrative expenses are not allocated to individual segments as the underlying instruments are managed on a Group basis. Current taxes, finance income, finance expenses and some other administrative expenses are not allocated to those segments as they are also managed on a Group basis.

**Information about major customers**

Major customers are leading blue chip companies in Nigeria, and they include the providers of telecommunication, manufacturers, Financial Services providers and Government agencies etc

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**4 Segment Information - Continued**

**Industry Information**

The group's revenue from external customers by industry is listed below:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31-Dec 2022** | **31-Dec 2021** | **31-Dec 2022** | **31-Dec 2021** |
| | **N'000** | **N'000** | **N'000** | **N'000** |
| Banking | 1,247,711 | 916,428 | 1,247,711 | 916,428 |
| Connected real estate | 13,395 | 9,988 | 13,395 | 9,988 |
| Energy and power | 41,251 | - | 41,251 | - |
| Manufacturing services | 211,020 | 88,608 | 211,020 | 88,608 |
| Service provider/Africa | 18,257 | 50,138 | 18,257 | 50,138 |
| | 1,531,634 | 1,065,162 | 1,531,634 | 1,065,162 |

**5 Revenue from contracts with customers**

**5.1 Disaggregated revenue information**

**THE GROUP**

**Set out below is the disaggregation of the Group's revenue from contracts with customers:**

| | For the year ended 31 December 2022 | | |
|---|---|---|---|
| **Segments** | **Sale of goods** | **Rendering of service** | **Total** |
| | **N'000** | **N'000** | **N'000** |
| **Type of goods or service** | | | |
| Networking services | - | 1,276,868 | 1,276,868 |
| Sale of equipment | 159,007 | - | 159,007 |
| Support services | - | 95,759 | 95,759 |
| **Total revenue from contracts with customers** | **159,007** | **1,372,627** | **1,531,634** |
| **Geographical markets** | | | |
| Nigeria | 159,007 | 1,372,627 | 1,531,634 |
| Ghana | - | - | - |
| **Total revenue from contracts with customers** | **159,007** | **1,372,627** | **1,531,634** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | 95,759 | - | 95,759 |
| Services transferred over time | - | 1,435,875 | 1,435,875 |
| **Total revenue from contracts with customers** | **95,759** | **1,435,875** | **1,531,634** |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

| | For the year ended 31 December 2021 | | |
|---|---|---|---|
| **Segments** | **Sale of goods** | **Rendering of service** | **Total** |
| | **N'000** | **N'000** | **N'000** |
| **Type of goods or service** | | | |
| Networking services | - | 819,934 | 819,934 |
| Sale of equipment | 127,426 | - | 127,426 |
| Support services | - | 117,802 | 117,802 |
| **Total revenue from contracts with customers** | **127,426** | **937,736** | **1,065,162** |
| **Geographical markets** | | | |
| Nigeria | 127,426 | 937,736 | 1,065,162 |
| **Total revenue from contracts with customers** | **127,426** | **937,736** | **1,065,162** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | 127,426 | - | 127,426 |
| Services transferred over time | - | 937,736 | 937,736 |
| **Total revenue from contracts with customers** | **127,426** | **937,736** | **1,065,162** |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 5. Revenue from contracts with customers - Continued

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 4):

| | For the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Networking | Equipment supply | Support services | Total |
| | N'000 | N'000 | N'000 | |
| **Revenue from contracts with customers** | | | | |
| External customer | 1,276,868 | 159,007 | 95,759 | 1,531,634 |
| | **1,276,868** | **159,007** | **95,759** | **1,531,634** |

| | For the year ended 31 December 2021 | | | |
|---|---|---|---|---|
| | Networking | Equipment supply | Support services | Total |
| | N'000 | N'000 | N'000 | |
| **Revenue from contracts with customers** | | | | |
| External customer | 819,934 | 127,426 | 117,802 | 1,065,162 |
| | **819,934** | **127,426** | **117,802** | **1,065,162** |

There are no intersegment adjustments and elimination during the year.

**THE COMPANY**
**Set out below is the disaggregation of the Company's revenue from contracts with customers:**

| | For the year ended 31 December 2022 | | |
|---|---|---|---|
| **Segments** | Sale of goods | Rendering of service | Total |
| | N'000 | N'000 | N'000 |
| **Type of goods or service** | | | |
| Networking services | - | 1,276,868 | 1,276,868 |
| Sale of equipment | 159,007 | - | 159,007 |
| Support services | - | 95,759 | 95,759 |
| **Total revenue from contracts with customers** | **159,007** | **1,372,627** | **1,531,634** |
| **Geographical markets** | | | |
| Nigeria | 159,007 | 1,372,627 | 1,531,634 |
| **Total revenue from contracts with customers** | **159,007** | **1,372,627** | **1,531,634** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | 159,007 | - | 159,007 |
| Services transferred over time | - | 1,372,627 | 1,372,627 |
| **Total revenue from contracts with customers** | **159,007** | **1,372,627** | **1,531,634** |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 5. Revenue from contracts with customers - Continued

| Segments | For the year ended 31 December 2021 Sale of goods N'000 | Rendering of service N'000 | Total N'000 |
|---|---|---|---|
| **Type of goods or service** | | | |
| Networking services | - | 819,934 | 819,934 |
| Sale of equipment | 127,426 | - | 127,426 |
| Support services | - | 117,802 | 117,802 |
| **Total revenue from contracts with customers** | **127,426** | **937,736** | **1,065,162** |
| **Geographical markets** | | | |
| Nigeria | 127,426 | 937,736 | 1,065,162 |
| **Total revenue from contracts with customers** | **127,426** | **937,736** | **1,065,162** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | 127,426 | - | 127,426 |
| Services transferred over time | - | 937,736 | 937,736 |
| **Total revenue from contracts with customers** | **127,426** | **937,736** | **1,065,162** |

### 5.2 Contract balances

| | THE GROUP 31-Dec 2022 N'000 | THE GROUP 31-Dec 2021 N'000 | THE COMPANY 31-Dec 2022 N'000 | THE COMPANY 31-Dec 2021 N'000 |
|---|---|---|---|---|
| Trade receivables (Note 17) | 98,293 | 109,900 | 98,293 | 109,900 |
| Contract liabilities (Note 25) | 185,241 | 672,750 | 185,241 | 672,750 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2022, N5 million (2021: N4 million) was recognised as provision for expected credit losses on trade receivables for the Group.

Contract liabilities are accrual of expenses recognized in cost of goods sold for a particular period and project. The group and Company accrues for this cost when agreed customer's milestone invoice are to be booked, but not all materials, labour and overhead cost which are pre-computed based on costing sheet have been utilized.

### 5.3 Performance Obligation

**Sale of equipments**
The performance obligation is satisfied upon delivery of the equipment and payment is generally due within 30 days from delivery.

**Networking services**
The performance obligation is satisfied over-time and payment is generally due upon completion of the service and acceptance of the customer.

**Support Services**
The performance obligation is satisfied over-time and payment is generally due upon completion of the service and acceptance of the customer. Support services basically relates to the deployment of on- site technical expertise/ancillary services to customers for optimal utilization of the Group and Company's products and services.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 6. COST OF SALES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Networking | 874,262 | 528,389 | 874,262 | 528,389 |
| Equipment supply | 106,793 | 89,992 | 106,793 | 89,992 |
| Support Services | 32,491 | 53,594 | 32,491 | 53,594 |
| | **1,013,546** | **671,975** | **1,013,546** | **671,975** |

### 7. ADMINISTRATIVE EXPENSES

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Advertising and promotions | | 2,854 | 1,790 | 2,854 | 1,790 |
| Audit fee | | 6,717 | 6,900 | 6,500 | 6,500 |
| Bank charges | | 2,711 | 5,176 | 2,713 | 5,149 |
| Insurance | | 193 | 1,217 | 193 | 1,217 |
| Leave allowance | | 13,757 | 13,296 | 13,757 | 13,296 |
| Terminal benefits * | | - | 3,920 | - | 3,920 |
| Legal and other professional fees | | 15,636 | 11,316 | 15,636 | 11,316 |
| Marketing expenses | | 4,681 | 6,390 | 4,681 | 6,390 |
| Pension contribution - Employer | | 9,940 | 15,612 | 9,940 | 15,612 |
| Printing and stationery | | 202 | 247 | 202 | 247 |
| Rent- short-term leases | | 6,924 | 8,729 | 6,924 | 8,729 |
| Rates | | 870 | 1,178 | 870 | 1,178 |
| Repairs and maintenance | | 11,020 | 5,633 | 11,020 | 5,633 |
| Salary and wages | | 175,823 | 183,898 | 175,823 | 183,898 |
| Security | | 3,833 | 7,812 | 3,833 | 7,812 |
| Staff welfare | | 11,265 | 16,545 | 11,265 | 16,545 |
| Telephone and internet access | | 3,691 | 7,889 | 3,691 | 7,889 |
| Training and development | | 9,540 | 6,490 | 9,540 | 6,490 |
| Subscriptions | | 6,949 | 2,910 | 6,949 | 2,910 |
| Travelling and accommodation | | 5,856 | 10,667 | 5,856 | 10,667 |
| | | 292,462 | 317,615 | 292,247 | 317,188 |
| Depreciation of Property, Plant and Equipment | 13 | 3,459 | 3,403 | 3,459 | 3,403 |
| | | 295,921 | 321,018 | 295,706 | 320,591 |

* Terminal benefit represents a payment made to the company's ex-staff, that were laid off during the year.

### 8. Impairment loss (reversal)/expense

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Net impairment charge of Trade receivables | 1,123 | (8,224) | 1,123 | (8,224) |
| Impairment of investment in preference shares | 19,281 | 19,281 | 19,281 | 19,281 |
| | 20,404 | 11,057 | 20,404 | 11,057 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 9. OTHER OPERATING INCOME/EXPENSES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| *Net foreign exchange differences | (829,414) | (403,094) | (829,414) | (403,094) |
| Profit on disposal of property plant and equipment (PPE) | 10,013 | 1,446 | 10,013 | 1,446 |
| Interest waiver | - | 5,311 | - | 5,311 |
| ***Sundry income | 4,809 | 119,348 | 4,809 | 119,348 |
| | (814,592) | (276,989) | (814,592) | (276,989) |

*Net foreign exchange differences is from the remeasurement of Trade payables in USD.

** Sundry income includes mainly the sale of scrap and equipments as well as impairment reversal.

### 10 FINANCE EXPENSE AND INCOME
### 10.1 FINANCE COST

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| *Finance cost calculated using effective interest rate:* | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| *Interest expense - Borrowings* | 4,606 | 4,302 | 4,606 | 4,302 |
| | 4,606 | 4,302 | 4,606 | 4,302 |

### 10.2 FINANCE INCOME

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Interest income from short term investment in FBNQ money market | 62 | 1,434 | 62 | 1,434 |
| | 62 | 1,434 | 62 | 1,434 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 11 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts is calculated by dividing the net loss attributable to ordinary equity holders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the loss and share data used in the basic loss per share computations:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Loss attributable to owners of the company | (647,498) | (226,693) | (647,283) | (226,266) |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 3,389,186 | 3,389,186 | 3,389,186 | 3,389,186 |
| Basic and diluted loss per share (naira) | (0.19) | (0.07) | (0.19) | (0.07) |

### 12 PROPERTY, PLANT AND EQUIPMENT

#### 12.1 THE GROUP

| | Computer equipment N'000 | Furniture and Fittings N'000 | Motor vehicle N'000 | Office equipment N'000 | Total N'000 |
|---|---|---|---|---|---|
| Cost: | 121,279 | 28,386 | 60,489 | 52,750 | 262,904 |
| At 1 January 2021 | 2,237 | 98 | - | 225 | 2,560 |
| Additions | (116,341) | (12,444) | (38,855) | (35,106) | (202,746) |
| Disposals | | | | | |
| At 31 December 2021 | 7,175 | 16,040 | 21,634 | 17,869 | 62,718 |
| Additions | 1,510 | - | - | - | 1,510 |
| Disposals | - | - | (14,865) | (3,917) | (18,782) |
| At 31 December 2022 | 8,685 | 16,040 | 6,769 | 13,952 | 45,446 |
| Accumulated depreciation: | | | | | |
| At 1 January 2021 | 119,836 | 27,496 | 60,489 | 48,530 | 256,351 |
| Charge for the year | 1,680 | 369 | - | 1,354 | 3,403 |
| Disposals | (116,103) | (12,404) | (38,855) | (35,106) | (202,468) |
| At 31 December 2021 | 5,413 | 15,461 | 21,634 | 14,778 | 57,286 |
| Charge for the year | 1,776 | 280 | - | 1,403 | 3,459 |
| Disposals | - | - | (14,865) | (3,917) | (18,782) |
| At 31 December 2022 | 7,189 | 15,741 | 6,769 | 12,264 | 41,963 |
| Net Book Value: | | | - | | |
| At 31 December 2022 | 1,496 | 299 | | 1,688 | 3,483 |
| At 31 December 2021 | 1,762 | 579 | - | 3,091 | 5,432 |

The subsidiary's (Resourcery Ghana Limited) assets are fully depreciated.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**12 PROPERTY, PLANT AND EQUIPMENT - Continued**

**12.2 THE COMPANY**

The movement in these accounts during the year was as follows:

| | Computer equipment N'000 | Furniture and Fittings N'000 | Motor vehicle N'000 | Office equipment N'000 | Total N'000 |
|---|---|---|---|---|---|
| Cost: | | | | | |
| At 1 January 2021 | 120,988 | 26,014 | 59,764 | 52,717 | 259,483 |
| Additions | 2,237 | 98 | - | 225 | 2,560 |
| Disposals | (116,341) | (12,444) | (38,855) | (35,106) | (202,746) |
| At 31 December 2021 | 6,884 | 13,668 | 20,909 | 17,836 | 59,297 |
| Additions | 1,510 | - | - | - | 1,510 |
| Disposals | - | - | (14,865) | (3,917) | (18,782) |
| At 31 December 2022 | 8,394 | 13,668 | 6,044 | 13,919 | 42,025 |
| Accumulated depreciation: | | | | | |
| At 1 January 2021 | 119,545 | 25,124 | 59,764 | 48,497 | 252,930 |
| Charge for the year | 1,680 | 369 | - | 1,354 | 3,403 |
| Disposals | (116,103) | (12,404) | (38,855) | (35,106) | (202,468) |
| At 31 December 2021 | 5,122 | 13,089 | 20,909 | 14,745 | 53,865 |
| Charge for the year | 1,776 | 280 | - | 1,403 | 3,459 |
| Disposals | - | - | (14,865) | (3,917) | (18,782) |
| At 31 December 2022 | 6,898 | 13,369 | 6,044 | 12,231 | 38,542 |
| Net Book Value: | | | | | |
| At 31 December 2022 | 1,496 | 299 | - | 1,688 | 3,483 |
| At 31 December 2021 | 1,762 | 579 | - | 3,091 | 5,432 |

**12.3 Assets pledged as security**

The group and the Company has no restriction on its asset as at 31 December 2022 (2021: Nil).

**12.4 Impairment losses recognized in the year**

No impairment loss has been recognized as none of the property, plant and equipment has suffered impairment.

**12.5 Contractual commitment**

There is no other contractual commitment for the purchase of items of property, plant and equipment.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 13 INTANGIBLE ASSETS

| | THE GROUP Computer Software N'000 | THE COMPANY Computer Software N'000 |
|---|---|---|
| Cost: | | |
| At 1 January 2022 | 18,984 | 18,984 |
| Additions | - | - |
| At 31 December 2022 | 18,984 | 18,984 |
| Amortisation: | | |
| At 1 January 2022 | 18,984 | 18,984 |
| Charge for the year | - | - |
| At 31 December 2022 | 18,984 | 18,984 |
| **Net Book Value:** | | |
| At 31 December 2022 | - | - |
| At 31 December 2021 | - | - |

Intangible assets represent computer software which is being amortized over its useful economic life of four (4) years. This software has been fully amortised but still in use. No impairment loss has been recognized as none of the intangible assets has suffered impairment.

### 14 INVESTMENT IN SUBSIDIARY, ASSOCIATE AND PREFERENCE SHARES

**14.1 Investment in Subsidiary**
**Information about subsidiary**

| Name | Principal activities | Country of incorporation | % equity interest 31-Dec 2022 | % equity interest 31-Dec 2021 |
|---|---|---|---|---|
| Resourcery Ghana Limited | Information Technology | Ghana | 100 | 100 |

| **Amount invested in subsidiary** | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** |
|---|---|---|
| Resourcery Ghana Limited | 7,725 | 7,725 |
| | 7,725 | 7,725 |

**Resourcery Ghana Limited**
The company has 100% interest in Resourcery Ghana Limited, which is involved in the supply, installation and maintenance of communication, telecommunication and information technology system. Resourcery Ghana is a private entity. The company established Resourcery Ghana in order to significantly expand its business within the African countries and also to bridge the gap with its African customers.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**14.2 Investment in Associate**
**Triversa Solution Limited**
As at the year end 2021, the interest in Triversa still remain 30%. Triversa's principal business activity is the provision of consultancy services. The company is incorporated and commenced operation in Nigeria from 2015.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amount invested in Associate - Movement** | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** |
| 1 January | - | - | 600 | 600 |
| Share of loss in associate | - | - | - | - |
| 31 December | - | - | 600 | 600 |

Resourcery's Plc share of loss in Triversa was not fully recognised since the accumulated share of loss is higher than the initial investments. Resourcery's Plc initial investment in Triversa is N600 thousand as at 15 December 2019. The share of loss of Triversa for the year ended is N1.761 million leaving an unrecognised loss of N1.761 million because the Group interest in the associate was fully eroded.

***Triversa Solutions Limited:***
**Summarised statement of financial position as at 31 December 2022:**

| | **31-Dec 22 N'000** | **31-Dec 21 N'000** |
|---|---|---|
| Non-current assets | 1,062 | 1,737 |
| Current assets | 55,784 | 52,244 |
| Current liabilities | (109,966) | (105,071) |
| | (53,120) | (51,090) |
| Total equity attributable to: | | |
| Equity holders of parent | (53,120) | (51,090) |
| Non-controlling interest | - | - |
| Equity/net asset | (53,120) | (51,090) |
| Group's share in equity - 30% | (15,936) | (15,327) |

| **Summarised statement of profit/loss for the year ended 31 December 2022:** | **31-Dec 22 N'000** | **31-Dec-21 N'000** |
|---|---|---|
| Revenue from contracts with customers | 53,879 | 125,534 |
| Cost of sales | (37,128) | (103,470) |
| Administrative expenses | (23,138) | (29,921) |
| Other operating income | - | 1,986 |
| Finance costs | - | - |
| Loss before taxation | (6,387) | (5,871) |
| Loss for the year | (6,387) | (5,871) |
| Total comprehensive loss | (6,387) | (5,871) |
| Attributable to Group | (1,916) | (1,761) |
| Attributable to non-controlling interests | - | - |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

* The Triversa values stated above are figures obtained from the unaudited Management accounts as the Triversa audit is yet to commence as at the time of preparation of these financial statements. We do not expect the audited numbers to be materially different from what has been reported in the Management accounts.

**14.3 Investment in preference shares**

**Triversa Solutions Limited**

On 15 December 2019, Triversa agreed to issue to Resourcery one million (1,000,000) cumulative redeemable preference shares at the price rate of N97.59 per preference share to liquidate Resourcery's claims against it in respect of all intercompany payables and deposit in the sum of N97,598,877. The investment in preference shares has an annual fixed preferred dividend rate of 4.5% on the outstanding shares at the end of every payment period. Triversa Solutions Limited is involved in sales and implementation of Business Application Solutions. Triversa Solutions is a private entity, and it was established to handle the software aspects of the Group business.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Opening balance | 44,590 | 63,871 | 44,590 | 63,871 |
| Impairment - preference shares | (19,281) | (19,281) | (19,281) | (19,281) |
| | 25,309 | 44,590 | 25,309 | 44,590 |

**15 EQUITY INVESTMENT**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| ***Marketable securities:*** | | | | |
| At 1 January | 1,680 | 1,680 | 1,680 | 1,680 |
| Fair value gain/(loss) | - | - | - | - |
| Total - Marketable securities | 1,680 | 1,680 | 1,680 | 1,680 |
| ***Unquoted securities:*** | | | | |
| At 1 January | - | 37,500 | - | 37,500 |
| Transfer of Paga shares to FBNQuest Funds | - | (37,500) | - | (37,500) |
| Total - Unquoted securities | - | - | - | - |
| At 31 December | 1,680 | 1,680 | 1,680 | 1,680 |

**15.1 Analysis of marketable securities:**

**15.1.1 Courtville Investment Plc**

| | | | | |
|---|---|---|---|---|
| Balance as at 1 January | 1,680 | 1,680 | 1,680 | 1,680 |
| Fair value changes | - | - | - | - |
| (8 million ordinary shares at N0.21 per share) | | | | |
| Market value as at 31 December | 1,680 | 1,680 | 1,680 | 1,680 |

The fair value is derived from quoted market prices in active market.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 15.1.2 Pagatech Limited

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 2022 N'000 | 2021 N'000 | 2022 N'000 | 2021 N'000 |
| Analysis of unquoted securities: | | | | |
| Pagatech Limited (Mauritius) | - | 37,500 | - | 37,500 |
| Transfer of Paga shares to FBNQuest Funds | - | (37,500) | - | (37,500) |
| **Equity investment in Pagatech** | - | - | - | - |

Pagatech offers money transfer services via mobile phone. Pagatech works on the most basic SMS enabled phone and on all mobile networks, it offers other products such as buying/selling airtime credit, bill payment and retail payment. The company holds an investment in the equity of pagatech. These shares are measured at fair value. The fair value for the year ended 31 December 2021, has been determined as the amount FBN Quest is willing to accept these shares as a settlement for its outstanding debt from the company. This amount has been documented and signed by both parties.

### 16 INVENTORY

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Materials | 165,770 | 61,709 | 165,770 | 61,709 |
| Work-in-progress | 121,542 | 309,290 | 121,542 | 309,290 |
| Obsolete inventory items | 287,312 | 370,999 | 287,312 | 370,999 |
| | (9,044) | (9,044) | (9,044) | (9,044) |
| Total inventories at lower of cost and net realizable value | 278,268 | 361,955 | 278,268 | 361,955 |

**Provision for slow moving stock**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Opening Balance | 9,044 | 8,968 | 9,044 | 8,968 |
| Additional provision during the year | - | 76 | - | 76 |
| | 9,044 | 9,044 | 9,044 | 9,044 |

The group's inventory items are consumed in the process of providing services to its customers. During 2021, N9.0 million (2021: N9.0 million) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales. Inventories are written down to its net realizable value.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 17 TRADE AND OTHER RECEIVABLES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| **Financial assets** | | | | |
| Trade receivables | 98,293 | 109,900 | 98,293 | 109,900 |
| Staff loan | 50 | 230 | 50 | 230 |
| Due from related parties | 881 | 881 | 99,643 | 99,643 |
| **Non-financial asset** | | | | |
| Staff Advances | 103 | 4,955 | 103 | 4,955 |
| Other receivables (Note 17.2) | 1,931,519 | 1,824,634 | 1,883,252 | 1,736,954 |
| | 2,030,846 | 1,940,600 | 2,081,341 | 1,951,682 |
| Allowance for expected credit losses | (5,358) | (4,250) | (5,358) | (4,250) |
| | 2,025,488 | 1,936,350 | 2,075,983 | 1,947,432 |

**Trade receivables**

Trade and other receivables have been reviewed for indicators of impairment. As at 31 December 2022, certain trade receivables were found to be impaired and an allowance for credit losses of N5.36 million and N5.36 million (2021: N4.25 million and N4.25 million) has been recorded for Group and Company accordingly. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties.

**Staff loans and advances**

Staff loans are loans given to staff without interest. Staff advances are advances given to staff to carry out on-site activities.

**Other receivables**

Other receivables relate to withholding tax and value added tax receivables. The withholding tax receivables are advance income tax deducted by suppliers at source and remitted to the Federal and State tax authorities, as the case applies. The Withholding tax (WHT) certificates when received can be used to settle the Company income tax. The value added tax (VAT) receivable are output VAT deducted at source on customers projects (especially government parastatals, ministries, departments and agencies (MDAs)) invoices. When these MDAs are invoiced, they pay net of VAT and WHT, as they have statutory obligations to deduct such taxes at source.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 17.1 Allowance for expected credit loss

An analysis of changes in the aggegate ECL allowances (Trade receivables, receivables from related parties and staff loan) is, as

| **Group** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Trade receivables | **Trade receivables 2022 ₦'000** | **Related parties 2022 ₦'000** | **Staff loan 2022 ₦'000** | **Total ₦'000** | **Trade receivables 2021 ₦'000** | **Related parties 2021 ₦'000** | **Staff loan 2021 ₦'000** | **Total ₦'000** |
| As at 1 January | 4,215 | - | 35 | 4,250 | 364,539 | - | 35 | 364,574 |
| Provision for expected credit losses | 1,108 | - | - | 1,108 | (360,324) | - | - | (360,324) |
| As at 31 December | 5,323 | - | 35 | 5,358 | 4,215 | - | 35 | 4,250 |

| **Company** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Trade receivables | **Trade receivables 2022 ₦'000** | **Related parties 2022 ₦'000** | **Staff loan 2022 ₦'000** | **Total ₦'000** | **Trade receivables 2021 ₦'000** | **Related parties 2021 ₦'000** | **Staff loan 2021 ₦'000** | **Total ₦'000** |
| As at 1 January | 4,215 | - | 35 | 4,250 | 364,539 | - | 35 | 364,574 |
| Provision for expected credit losses | 1,108 | - | - | 1,108 | (360,324) | - | - | (360,324) |
| As at 31 December | 5,323 | - | 35 | 5,358 | 4,215 | 1,719 | 35 | 4,250 |

ECL assessed was considered on staff loan but the amount is immaterial.

### 17.2 Other receivables

Other receivables comprises of the following:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** |
| Withholding tax receivable | 1,519,480 | 1,427,578 | 1,509,511 | 1,412,750 |
| Value added tax receivable | 406,564 | 384,641 | 373,741 | 324,204 |
| Deposit with suppliers | 5,475 | 12,415 | - | - |
| | 1,931,519 | 1,824,634 | 1,883,252 | 1,736,954 |

### 18 PREPAYMENTS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** |
| Insurance | 734 | 174 | 734 | 174 |
| Others | 1,858 | - | 1,858 | - |
| | 2,592 | 174 | 2,592 | 174 |
| At 1 January | 174 | 672 | 174 | 672 |
| Addition | 10,010 | 1,426 | 10,010 | 1,426 |
| Amortisation | (7,592) | (1,924) | (7,592) | (1,924) |
| At 31 December | 2,592 | 174 | 2,592 | 174 |
| Current assets | 2,592 | 174 | 2,592 | 174 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 18.1 Contract assets

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Advance to suppliers | 255 | 255 | 255 | 255 |
| | 255 | 255 | 255 | 255 |

* Advance to suppliers relates to payment made to suppliers of services as at year end.

### 19 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short-term deposits with 90 days tenure. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Cash in hand | 101 | 110 | 101 | 110 |
| Cash at banks | 21,421 | 105,278 | 21,341 | 105,131 |
| Cash and cash at banks | 21,522 | 105,388 | 21,442 | 105,241 |
| Cash and cash equivalents | 21,522 | 105,388 | 21,442 | 105,241 |

Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits with original maturities of three months or less. Cash at bank is considered a highly liquid form of current asset, as well as cash in hand. The maturity period is within a day and as such ECL assessed was considered immaterial.

At 31 December 2022, the Group had Nil (2021: Nil) balances of undrawn committed borrowing facilities.

### 20 SHARE CAPITAL

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 | 31-Dec 2021 | 31-Dec 2022 | 31-Dec 2021 |
| Ordinary shares issued and fully paid | N'000 | N'000 | N'000 | N'000 |
| 3,389,186 ordinary shares of 50k each | 1,694,593 | 1,694,593 | 1,694,593 | 1,694,593 |
| At 31 December | 1,694,593 | 1,694,593 | 1,694,593 | 1,694,593 |

There was no movement in the authorised and issued share capital of the Group during the year ended 31 December 2022 (2021 :Nil) shares.

### 21 OTHER COMPONENTS OF EQUITY

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| **21.1 SHARE PREMIUM** | | | | |
| At 1 January | 352,752 | 352,752 | 352,752 | 352,752 |
| At 31 December | 352,752 | 352,752 | 352,752 | 352,752 |

Share premium is a non-distributable reserve for recording additional paid in capital in excess of the nominal value.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| **21.2 FAIR VALUE RESERVE** | | | | |
| At 1 January | 35,791 | 35,791 | 35,791 | 35,791 |
| Reclassification to Accumulated losses | 35,791 | - | 35,791 | - |
| At 31 December as per fair value reserve | - | 35,791 | - | 35,791 |

| | THE GROUP | |
|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| **21.3 FOREIGN CURRENCY TRANSLATION RESERVE** | | |
| At 1 January | (4,773) | (3,371) |
| Exchange difference on translating foreign operation. | 8,602 | (1,402) |
| At 31 December | 3,829 | (4,773) |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| **21.4 Accumulated losses** | | | | |
| At 1 January | (4,032,096) | (3,805,403) | (3,920,506) | (3,694,240) |
| Reclassification to Accumulated losses | 35,791 | - | 35,791 | - |
| Loss of the year | (647,498) | (226,693) | (647,283) | (226,266) |
| At 31 December | **(4,643,803)** | **(4,032,096)** | **(4,532,185)** | **(3,920,506)** |

| **21.5 Exchange rate used in translating foreign subsidiary account to Naira** | **31-Dec 2022** | **31-Dec 2021** |
|---|---|---|
| Statement of financial position: | N/Cedis | N/Cedis |
| Total assets | 43.00 | 80.00 |
| Total liabilities | 43.00 | 80.00 |
| Equity | 103.00 | 103.00 |
| Statement of profit or loss | 43.00 | 80.00 |

### 22 INTEREST BEARING LOANS AND BORROWINGS

#### 22.1 Current Interest-bearing loans and borrowings

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Interest Rate | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Fafunwa Education Foundation | **16.0%** | 23,270 | 5,040 | 23,270 | 5,040 |
| Zamodex investment Limited | **N/A** | 2,688 | - | 2,688 | - |
| Andrew Ejoh | **N/A** | 40,490 | - | 40,490 | - |
| **Related party loan** | | 66,448 | 5,040 | 66,448 | 5,040 |
| **Current Interest bearing loans and borrowings** | | 66,448 | 5,040 | 66,448 | 5,040 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 22.2 Movement in borrowings:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Current | | | | |
| At 1 January | 5,040 | 148,092 | 5,040 | 148,092 |
| Addition during the year | 109,767 | 25,000 | 109,767 | 25,000 |
| Transfer of Paga shares to FBNQuest Funds | - | (37,500) | - | (37,500) |
| Accrued interest | 9,936 | 4,861 | 9,936 | 4,861 |
| Loan forgiveness | - | (8,645) | - | (8,645) |
| Interest paid | (6,045) | (1,500) | (6,045) | (1,500) |
| Repayment of principal | (52,250) | (125,795) | (52,250) | (125,795) |
| | 66,448 | 4,513 | 66,448 | 4,513 |
| Addition to borrowings: | | | | |
| Foreign exchange differences | - | 527 | - | 527 |
| At 31 December | 66,448 | 5,040 | 66,448 | 5,040 |
| Current | 66,448 | 5,040 | 66,448 | 5,040 |

**Related Parties: Fafunwa Education**
Fafunwa Education advanced a sum of N20 million (Company: N20 million) with an interest rate of 16% in the prior year. These loans are payables on demand. During the year, the Group repaid N6 million in cash to reduce its outstanding liabilities.

### 23 Deferred Taxation

**Deferred tax relates to the following:**

| | THE GROUP | |
|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| *Reflected in the statement of Financial Position as follows:* | | |
| Deferred tax assets | (92,676) | (131,385) |
| Unrecognised deferred tax assets | 92,676 | 131,385 |
| | - | - |

The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**Company**
The group and Company have deductible temporary difference of N19.4 million (2021; N7.9 million), unused tax losses of N6.1 million (2021; N1.4 million) and unutilised tax credit of N80.7 million (2021; N122.1 million).

Deferred tax assets have not been recognised in respect of these temporary differences, tax credits and losses as they may not be used to offset taxable profits elsewhere, they have arisen in the Group due to the losses that they have been making for sometime, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**Details of unrecognised deferred tax asset is as shown below;**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** |
| Accelerated depreciation for tax purposes | (5,809) | (3,332) | (5,809) | (3,332) |
| Trade and other receivables - impairment loss | (6,121) | (1,275) | (6,121) | (1,275) |
| Impairment of investment in preference shares | - | (3,317) | - | (3,317) |
| Unused tax losses | - | (1,410) | - | (1,410) |
| Unutilised tax credit | (80,746) | (122,051) | (80,746) | (122,051) |
| Unrecognised Deferred tax assets | (92,676) | (131,385) | (92,676) | (131,385) |

## 24 TRADE AND OTHER PAYABLES

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** |
| **Financial liabilities** | | | | | |
| Trade payables | | 3,227,102 | 2,416,456 | 3,227,102 | 2,416,456 |
| Directors current account | | 82,862 | - | 82,862 | - |
| Other payables | Note 24.1 | 1,305,665 | 1,261,528 | 1,248,375 | 1,156,371 |
| | | 4,615,629 | 3,677,984 | 4,558,339 | 3,572,827 |

Trade payables principally comprise amount outstanding for trade purchases and on-going-costs. The average credit period taken for trade purchases is 60 days. For most suppliers, no interest is charged on the trade payable.

**24.1** Other payables consists of:

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** | **31-Dec 2022 N'000** | **31-Dec 2021 N'000** |
| **Financial liability** | | | | | |
| Unclaimed Dividend | | 5,110 | 5,643 | 5,110 | 5,643 |
| **Professional fees | | 7,497 | 3,090 | 6,763 | 2,690 |
| **Non-financial liabilities** | | | | | |
| Sundry payable | Note 24.2 | 946,523 | 850,537 | 892,948 | 751,716 |
| Pension payable | | 242,169 | 249,288 | 241,955 | 248,407 |
| ***Other accrued expenses | | 104,366 | 152,970 | 101,599 | 147,915 |
| | | 1,305,665 | 1,261,528 | 1,248,375 | 1,156,371 |

"Pension payable relates to employer's contribution to the scheme accrued for previous years. This has not been remitted due to insufficient fund experienced by the Group.

**Professional fees relate to audit and other professional services fees rendered to Resourcery Plc outstanding as at 31 December 2022. The accrual was based on the amount negotiated with the service providers.

***Other accrued expenses relates to expenses that are not yet paid for by the Company. These categories of expenses varies from accrual for legal fees, Outsourced HR fee, IT facilities expense, allowance for staff housing, provision for severance packages among others.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**24 TRADE AND OTHER PAYABLES - Continued**
**24.2 Sundry Payables**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 | 31-Dec 2021 | 31-Dec 2022 | 31-Dec 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Nigeria Insurance Trust Fund | 22,461 | 22,461 | 22,461 | 22,461 |
| Withholding tax payable | 56,966 | 47,788 | 55,872 | 45,771 |
| Industrial Training Fund | 21,956 | 21,956 | 21,956 | 21,956 |
| Paye As You Earn | 183,476 | 158,866 | 183,476 | 158,866 |
| Staff fines and penalties | 13,535 | 17,599 | 13,535 | 17,599 |
| Value added tax payable | 648,129 | 581,867 | 595,648 | 485,063 |
| | 946,523 | 850,537 | 892,948 | 751,716 |

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.

**25 CONTRACT LIABILITIES**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 | 31-Dec 2021 Restated | 31-Dec 2022 | 31-Dec 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Contract liabilities | 185,241 | 672,750 | 185,241 | 672,750 |
| | 185,241 | 672,750 | 185,241 | 672,750 |
| As at 1 January | 672,750 | 36,918 | 672,750 | 36,918 |
| Deferred during the year | 505,539 | 1,794,466 | 505,539 | 1,794,466 |
| Released to profit or loss | (993,048) | (1,158,634) | (993,048) | (1,158,634) |
| As at 31 December | 185,241 | 672,750 | 185,241 | 672,750 |

Contract liabilities relates to goods and services paid for but not yet received by the customers.

**26 CURRENT TAX LIABILITIES**

Resourcery Plc measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax legislation of Nigeria where Resourcery Plc operates.

Resourcery Plc is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes. The tax for the period has been computed based on the Companies income tax act, 2007 as (amended) and Tertiary Education Trust Fund Act, 2011 (as amended).

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at the year end, the unrecognised deferred tax asset is N46.532 million (2021 :N131.385 million).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Charge to profit or loss: | | | | |
| Minimum tax | - | 2,659 | - | 2,659 |
| Company income tax | 23,500 | - | 23,500 | - |
| Education tax | 5,875 | 5,289 | 5,875 | 5,289 |
| Capital gain tax | 750 | - | 750 | - |
| | 30,125 | 7,948 | 30,125 | 7,948 |

**The income tax expense for the year can be reconciled to the accounting profit as follows:**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Profit/(Loss) before taxation: | (617,373) | (218,745) | (617,158) | (218,318) |
| Income tax expense calculated at 30% | (185,212) | (65,624) | (185,147) | (65,495) |
| Minimum tax | - | 2,659 | - | 2,659 |
| Education tax | 5,875 | 5,289 | 5,875 | 5,289 |
| Capital gain tax | 750 | - | 750 | - |
| Impact of unrecognised deferred tax | (92,676) | (218,829) | (92,676) | (218,829) |
| Non- deductible expenses for tax purpose | 301,388 | 284,453 | 301,323 | 284,324 |
| Income tax expense recognised in profit or loss | 30,125 | 7,948 | 30,125 | 7,948 |

**Current tax liabilities in the statement of financial position:**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| At 1 January | 53,783 | 45,835 | 61,837 | 53,889 |
| Charge for the year | 30,125 | 7,948 | 30,125 | 7,948 |
| | 83,908 | 53,783 | 91,962 | 61,837 |
| Payment during the year | - | - | - | - |
| At 31 December | 83,908 | 53,783 | 91,962 | 61,837 |

The income tax charge for the year in the consolidated and separate financial statements is in accordance with the provision of the Companies Income Tax Act CAP C21, Laws of the Federation of Nigeria 2007 as amended while the Education Tax is in accordance with the provisions of Education Tax Act CAP E4, Laws of the Federation of Nigeria 2020.

**27 DIVIDEND PROPOSED AND PAID**

The directors do not recommend the payment of dividend for the year ended 31 December 2022 (2021: Nil).

**28 INFORMATION REGARDING DIRECTORS, KEY MANAGEMENT STAFF AND EMPLOYEES**

**28.1 KEY MANAGEMENT PERSONNEL**

For the purpose of related party disclosures, key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Group. Resourcery Plc, key management personnel are considered to be designations from senior divisional head.

There were payments made to key management personnel during the year and prior year.
No payment were made to any Director - past or present in respect of pension and compensation for loss of office. The directors are not entitled to post-employment benefits or other long term benefits.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| **28.2** | **INFORMATION RELATING TO EMPLOYEES** | **31-Dec 2022** | **31-Dec 2021** | **31-Dec 2022** | **31-Dec 2021** |
| | **Employee costs** | **N'000** | **N'000** | **N'000** | **N'000** |
| | Aggregate payroll costs: | | | | |
| | Salary and wages | 175,823 | 183,898 | 175,823 | 183,898 |
| | Leave allowance | 13,757 | 13,296 | 13,757 | 13,296 |
| | Pension contribution - employer | 9,940 | 15,612 | 9,940 | 15,612 |
| | Training and development | 9,540 | 6,490 | 9,540 | 6,490 |
| | Staff welfare | 11,265 | 16,545 | 11,265 | 16,545 |
| | | 220,325 | 235,841 | 220,325 | 235,841 |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31-Dec 2022** | **31-Dec 2021** | **31-Dec 2022** | **31-Dec 2021** |
| | **N'000** | **N'000** | **N'000** | **N'000** |
| Staff cost was classified as: | | | | |
| Administrative expenses | 220,325 | 235,841 | 220,325 | 235,841 |
| | **Number** | **Number** | **Number** | **Number** |
| STAFF NUMBER | | | | |
| Finance | 5 | 5 | 5 | 5 |
| Customer Fulfillment Group | 31 | 31 | 31 | 31 |
| Business Development Group | 8 | 8 | 8 | 8 |
| Business Support Group | 16 | 16 | 16 | 16 |
| | 60 | 60 | 60 | 60 |

The employees received remuneration (excluding pension contribution and certain benefits) during the year in the following ranges:

| | | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|---|
| | | | **31-Dec 2022** | **31-Dec 2021** | **31-Dec 2022** | **31-Dec 2021** |
| | | | **Number** | **Number** | **Number** | **Number** |
| N | | N | | | | |
| 100.000 | - | 500,000 | 4 | 4 | 4 | 4 |
| 500.001 | - | 1,000,000 | 12 | 12 | 12 | 12 |
| 1,000,001 | - | 3,000,000 | 29 | 29 | 29 | 29 |
| Above | - | 3,000,000 | 15 | 15 | 15 | 15 |
| | | | 60 | 60 | 60 | 60 |

## 29 RELATED PARTY DISCLOSURES

**29.1 Trading transactions and nature of relationship:**

Related party transactions arose from the Company and its related party.

**IMPS LIMITED**

The company is owned by a relative of the entity's Director and it is responsible for collection, warehousing and disbursing fund on behalf of the Company to its foreign suppliers. It is also involved in purchase as well as collection of outstanding fee from the Company's foreign partners.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 29 RELATED PARTY DISCLOSURES - Continued

The tables below provide the total amount of transactions that have been entered into with the related party for the relevant financial years.

| | THE GROUP | | | | THE COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| | Receivable balance | | Payable balance | | Receivable balance | | Payable balance | |
| Name of Related Parties | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| IMPS Limited | 24 | 24 | - | - | 24 | 24 | - | - |
| Resourcery Africa, Ghana (Subsidiary) | - | - | - | - | 98,819 | 98,819 | - | - |
| Letchworth Associate Partners Limited | 800 | 800 | - | - | 800 | 800 | - | - |
| Other Intercompany Creditors | 57 | 57 | - | - | 57 | 57 | - | - |
| | 881 | 881 | - | 0 | 99,700 | 99,700 | - | - |

*Related party balances have been assessed for impairment under IFRS 9, however the impairment on these balances are considered immaterial and has not been recognised.

### 29.2 Loans to/ from related parties:

| | Relationship | | Interest | Amount owed to related parties Group N'000 | Amount owed to related parties Company N'000 |
|---|---|---|---|---|---|
| Fafunwa Education | Managing director family foundation | 2022 | 18.00% | 23,270 | 23,270 |
| | | 2021 | 18.00% | 5,040 | 5,040 |
| Total | | 2022 | | **63,760** | **63,760** |
| Total | | 2021 | | **5,040** | **5,040** |

**Terms and conditions of transaction with related parties**
The transactions (payment and receipt) with related parties are made on terms equivalent to those that prevail in arm's length transactions. The balance at the year-end is unsecured and are not interest free. Settlement occurs both in cash and also through exchange of equity instruments.

### 29.3 Nature of the Subsidiary and Associate Subsidiary

**Subsidiary**
Resourcery Ghana Limited - Resourcery Plc has 100% shareholding in Resourcery Ghana Limited. Resourcery Plc has power over the investee and also exposure to, or rights to, variable returns from its involvement with the investee and the ability to affect those returns through its power.

**Associate**
Triversa Solutions Limited - Resourcery Plc has 30% interest in Triversa Solutions Limited as at 31 December 2022.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**29.4 Key management personnel**

**List of Directors of Resourcery Ghana Limited**

| | |
|---|---|
| Tani Fafunwa | - Director |
| Akanimo Ekong | - Director |

**List of key management of staff Resourcery Ghana Limited**

| | |
|---|---|
| Tani Fafunwa | - Director |
| Akanimo Ekong | - Director |

**List of Directors of Triversa Solutions Limited**

| | |
|---|---|
| Andrew Ejoh | - Director |
| Williams Omotayo Olufemi | - Director |
| Sowade Olajide Bolarinwa | - Director |

**30 CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 December 2022 (2021; Nil).

**31 GUARANTEES**

There were no guarantees against the Group as at 31 December 2022 (2021 :Nil)

**32 CAPITAL COMMITMENTS**

There were no known capital commitments as at 31 December 2022 (2021: Nil)

**33 IMPACT OF COVID-19**

Subsequent to 31 December 2022, Resourcery Plc has assessed the impact of COVID-19 on the annual financial statements and considered the potential impairment indicators for its portfolio. As at the date of approving these annual financial statements, management have assessed that there is no material impact on the annual financial statements for the year ended 31 December 2022. The duration and impact of the COVID -19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. It is not possible to reliably estimate the impact on the financial position and results of the Company in future periods.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and Central Bank responses, remain unclear currently. Hence, at this time, it is not possible to reliably estimate the impact on the financial position and results of the Organization in future periods.

**34 MATERIAL UNCERTAINTY TO GOING CONCERN**

The Group recorded net loss of N647 million (2021: N226 million) while the Company reported a net loss of N647 million (2021: N226 million) for the year ended 31 December 2022 and as of that date the Group's total liabilities exceeded its total assets by N2.593 million (2021: N1.954 million) and the Company's total liabilities exceeded its total assets by N2.485 million (2021: N1.837 million). Also, as at 31 December 2022, the Group reported a negative working capital of N2.623 million (2021: N2.005 million) and the Company reported a negative working capital of N2.523 million (2021: N1.897 million). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore may be unable to realise its assets and settle liabilities in the ordinary course of business.

However, in recognition of the need to resuscitate the Group and the Company's operations, management intends to undertake the following initiatives:

- Management plans to return to profitability: Management has thought it necessary to focus on the execution of private sector contracts while de-emphasizing public sector projects: This is thought necessary in order to restrain the possible irrecoverable long outstanding debts of the company and therefore alleviate the possible working capital difficulties. The private sector jobs currently undertaken are seen to operate seamlessly without liquidity challenges. In addition, the company has continued to gain shareholders support in terms of contract referrals which has translated to significant job wins for the company. The Group and Company is striving for more robust and profitable revenue portfolio that will drive higher margins, lead to sustainable growth and expansion. The company has redefined the critical paths of its value chain and business winning strategy for contracts both within and outside the country.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**34 MATERIAL UNCERTAINTY TO GOING CONCERN - Continued**

• There is also an inclination by the management to desist from loans and borrowings from financial institutions. This will help to eliminate the company's exposure as well as high finance costs and other charges.

• The company also plans to take advantage of the waivers and other favourable restructuring terms commitments with the legacy vendors. This followed through by prioritizing prompt settlement of the legacy vendors in line with revised and restructured agreements.

The company also is pursuing rigorously with its long outstanding debtors to ensure repayments of previously impaired debt and commitments. The customers have communicated the settlement timelines to the company and this is being followed through.

The consolidated and separate financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations; the Group and the Company is able to provide its services and that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

**35 FINANCIAL RISK MANAGEMENT**

**35.1 Financial risk management objectives and policies**

The group's principal financial liabilities comprise of Interest bearing loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The group's principal financial assets include loans, trade and other receivables, cash and short-term deposit and equity investments measured at FVOCI. The group is exposed to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the strategic and finance planning committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the executive management to reflect changes in market conditions and the Group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The committee is supported by various management functions and checks that undertakes both regular and ad hoc reviews of compliance with established controls and procedures.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 35.1 Financial risk management objectives and policies - Continued

**Credit risk**
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients and other related parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 | 31-Dec 2021 | 31-Dec 2022 | 31-Dec 2021 |
| | N'000 | N'000 | N'000 | N'000 |
| Trade and other receivables (Note 17) | 99,444 | 124,131 | 192,731 | 210,478 |
| Bank balance (Note 9) | 21,421 | 105,278 | 21,341 | 105,131 |
| | 120,865 | 229,409 | 214,072 | 315,609 |

In monitoring customer credit risk, customers are Grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relates to all customers. Customers that are graded as high risk are placed on a restricted customer list and monitored by the Credit Committee, and future sales are made on a prepayment basis. Trade and other receivables consist of trade receivables, staff loans and due from related parties.

Management has credit policies in place and the exposure to credit risk is managed on an on-going basis by an established Credit Control Unit in the finance department. The risk of bad credit is minimised such that advance payments are built into the payment terms for most customers. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Credit risk from balances with banks and financial institutions is managed by the Chief Financial Officer in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Audit Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The cash and bank balances are held by banks and financial institutions in Nigeria and Ghana.

**Ageing of trade receivables**
**Impairment of financial assets**

**i Trade receivables**
For trade receivables, the Group and Company applied the simplified approach in computing ECL. Therefore, the Group and Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 35.1 Financial risk management objectives and policies - Continued

Trade receivables relate to receivables from customers for good sold and services rendered.

The average credit period taken on sales of goods or services rendered varies between 1-3months. The variability of the credit terms largely depends on the nature of the contract and type of customer which could either be in the public, telecommunication or banking sectors. No interest is charged on outstanding trade receivables. It is the Group's policy to recognize a 100% provisions on receivables that are due for over 36 months based on management's judgement that those receivables are unlikely to be recovered. Impairment charge for doubtful receivables are recognised against trade receivables between 13 months and 36 months based on estimated irrecoverable amounts determined by reference to the past default experience of the counterparty and an analysis of their current financial position.

Credit services are made subject to observation of all credit approval procedures.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the service was rendered up to the reporting date. In the current year, the Group has recognized an impairment of N5 million (2021: loss: N4 million) in respect of impaired trade receivables. This is recorded within administrative expenses in the profit or loss.

Set out below is the information about the credit risk exposure on the Group and Company's trade receivables as at 31 December 2022 using a provision matrix:

**THE GROUP**
**31 December 2022** — **Trade receivables Days past due**

| | 0 - 30 days N'000 | 31 -90 davs N'000 | 91 -180 davs N'000 | 180-365 days N'000 | 365 days N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.27% | 118.22% | 2.64% | 0.00% | 0.00% | |
| Estimated total gross carrying amount at default | 51,894 | 3,454 | 42,944 | - | - | 98,293 |
| Expected credit loss | 140 | 4,083 | 1,134 | - | - | 5,358 |

**31 December 2021** — **Trade receivables Days past due**

| | 0 - 30 days N'000 | 31 -90 davs N'000 | 91 -180 davs N'000 | 180-365 days N'000 | >365 days N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.76% | 4.48% | 25.62% | 0.00% | 0.00% | |
| Estimated total gross carrying amount at default | 18,579 | 91,219 | 103 | - | - | 109,900 |
| Expected credit loss | 140 | 4,083 | 26 | - | - | 4,250 |

**THE COMPANY**
**31 December 2022** — **Trade receivables Days past due**

| | 0 - 30 days N'000 | 31 -90 davs N'000 | 91 -180 davs N'000 | 180-365 days N'000 | >365 days N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.27% | 118.22% | 2.64% | 0.00% | 0.00% | |
| Estimated total gross carrying amount at default | 51,894 | 3,454 | 42,944 | - | - | 98,293 |
| Expected credit loss | 140 | 4,083 | 1,134 | - | - | 5,358 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 35.1 Financial risk management objectives and policies - Continued

**31 December 2020** — **Trade receivables**
**Days past due**

| | 0 - 30 days N'000 | 31 -90 davs N'000 | 91 -180 davs N'000 | 180-365 days N'000 | >365 days N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.76% | 4.48% | 25.62% | 0.00% | 0.00% | |
| Estimated total gross carrying amount at default | 18,579 | 91,219 | 103 | - | - | 109,901 |
| Expected credit loss | 140 | 4,083 | 26 | - | - | 4,249 |

**ii Expected credit loss measurement - other financial assets**

The group applied the general approach in computing expected credit losses (ECL) for intercompany receivables and staff loan. The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs, etc. - are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The group has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Group has various credit arrangements with some banks which can be utilised to meet its liquidity requirements.

Typically the credit terms with clients are more favorable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non-derivative financial liabilities:

| THE GROUP | Less than 3 months N'000 | 3 to 12 months N'000 | Cash flows Total N'000 | Carrying value N'000 |
|---|---|---|---|---|
| **31 December 2022:** | | | | |
| Interest bearing loans and borrowings | - | 66,448 | 66,448 | 66,448 |
| Trade and other payables* | 3,239,709 | - | 3,239,709 | 3,239,709 |
| | 3,239,709 | 66,448 | 3,306,157 | 3,306,157 |
| **31 December 2021:** | | | | |
| Interest bearing loans and borrowings | - | 147,607 | 147,607 | 5,040 |
| Trade and other payables* | 2,425,189 | - | 2,425,189 | 2,425,189 |
| | 2,425,189 | 147,607 | 2,572,796 | 2,430,229 |

| THE COMPANY | Less than 3 months N'000 | 3 to 12 months N'000 | Cash flows Total N'000 | Carrying value N'000 |
|---|---|---|---|---|
| **31 December 2022:** | | | | |
| Interest bearing loans and borrowings | - | 66,448 | 66,448 | 66,448 |
| Trade and other payables* | 3,238,975 | - | 3,238,975 | 3,238,975 |
| | 2,313,062 | 276,712 | 2,589,774 | 2,547,564 |
| **31 December 2021:** | | | | |
| Interest bearing loans and borrowings | - | 147,607 | 147,607 | 5,040 |
| Trade and other payables* | 2,313,062 | - | 2,313,062 | 2,313,062 |
| | 2,313,062 | 276,712 | 2,589,774 | 2,547,564 |

*Financial liabilities of trade and other payables do not include sundry payable, pension payable, other accrued expenses and other payables.

**Market risk**
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

**Equity Price risk**
The group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The group manages the equity price risk through by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the board of directors on a regular basis. The group's Board of Directors reviews and approves all equity investment decisions.

| | | Change in price | THE GROUP Effect on equity N'000 | THE COMPANY Effect on equity N'000 |
|---|---|---|---|---|
| | **2022** | | | |
| Courtville | | 5% | 84 | 84 |
| | | (5)% | (84) | (84) |
| | **2021** | | | |
| Courtville | | 5% | 84 | 84 |
| | | (5)% | (84) | (84) |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

**Currency risk**
The group is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currency of the Group, primarily the Naira. The currency in which these transactions primarily are denominated is US Dollars (USD). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Group aims to reduce the impact of short-term fluctuations on earnings. The group has no export sales but it has clients that are invoiced in NGN but with FX indexation. The group's significant exposure to currency risk relates to its loan facilities that are mainly in USD. Although the Group has various measures to mitigate exposure to foreign exchange rate movement over the longer term, the gains/losses on foreign exchange balances impact on profit or loss. The group monitors the movement in the currency rates on an on-going basis.

**Sensitivity analysis**
The strengthening of the Naira, as indicated below against the Dollar, Pounds, Euros, and Rand at 31 December 2022 would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis at 31 December 2022, albeit that the reasonably possible foreign exchange rate variances were different as indicated below:

**THE GROUP**

| **Foreign currency balances in 2022** | | | |
|---|---|---|---|
| *Financial asset* | **USD** | **GBP** | **EUR** |
| Cash and cash equivalent | 2,022 | 145 | 175 |
| Trade and other receivables | 160,032 | - | - |
| Financial liabilities: | | | |
| Trade and other payables | (4,210,016) | - | - |

| **Foreign currency balances in 2021** | | | |
|---|---|---|---|
| *Financial asset* | **USD** | **GBP** | **EUR** |
| Cash and cash equivalent | 2,682 | 145 | 175 |
| *Financial liabilities:* | | | |
| Trade and other payables | (5,501,872) | - | - |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

### 35 FINANCIAL RISK MANAGEMENT -Continued

### 35.1 Financial risk management objectives and policies - Continued

| | Change in US$ rate | Effect on loss before tax N'000 | Effect on equity N'000 |
|---|---|---|---|
| 2022 | 5% | 2,422,705 | 2,422,705 |
| | (5)% | (2,191,971) | (2,191,971) |
| 2021 | 5% | (60,024) | (60,024) |
| | (5)% | 66,343 | 66,343 |

| | Change in GBP rate | Effect on loss before tax N'000 | Effect on equity N'000 |
|---|---|---|---|
| 2022 | **5%** | (90) | (90) |
| | (5)% | 81 | 81 |
| 2021 | **5%** | (3,282) | (3,282) |
| | (5)% | 3,628 | 3,628 |

| | Change in EUR rate | Effect on loss before tax N'000 | Effect on equity N'000 |
|---|---|---|---|
| 2022 | 5% | (91) | (91) |
| | 5% | 82 | 82 |
| 2021 | 5% | (3,548) | (3,548) |
| | (5)% | 3,921 | 3,921 |

**Interest rate risk profile:**
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group is not exposed to the risk of changes in market interest rates. The changes in interest rate would not significantly affect the profit reported by the Group as the interests on the loan are fixed.

**Capital risk management**
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital on the basis of the gearing ratio, which is net debt (Total borrowings less cash and cash equivalent) divided by total capital plus net debt. The group and Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 | 31-Dec 2022 N'000 | 31-Dec 2021 N'000 |
| Trade and other payables | 4,615,629 | 3,677,984 | 4,558,339 | 3,572,827 |
| Interest bearing loans and borrowings | 66,448 | 5,040 | 66,448 | 5,040 |
| Less: Cash and cash equivalents | (21,522) | (105,388) | (21,442) | (105,241) |
| Net debt | 4,660,555 | 3,577,636 | 4,603,345 | 3,472,626 |
| Total equity | (2,592,629) | (1,953,733) | (2,484,653) | (1,837,370) |
| Total capital Employed | 2,067,926 | 1,623,903 | 2,118,692 | 1,635,256 |
| Gearing ratio | 225% | 220% | 217% | 212% |

There were no changes in the Group's approach to capital management during the year.
Net debt is arrived at after deducting cash and cash equivalents from trade and other payables and interest bearing loans and borrowings

The group is not subject to externally imposed capital requirements.

**36 FAIR VALUE MEASUREMENT**

Set out below is a comparison by class of the carrying amounts and fair values of the Group and Company's financial instruments that are carried in the consolidated and separate financial statements.

| | 31-Dec 2022 | | 31-Dec 2021 | |
|---|---|---|---|---|
| | Carrying Amount N'000 | Fair value N'000 | Carrying Amount N'000 | Fair value N'000 |
| **THE GROUP** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 99,224 | 99,224 | 111,011 | 111,011 |
| Equity investments | 1,680 | 1,680 | 1,680 | 1,680 |
| | 100,904 | 100,904 | 112,691 | 112,691 |
| **Financial liabilities** | | | | |
| Trade and other payables | 3,239,709 | 3,239,709 | 2,425,189 | 2,425,189 |
| Interest-bearing loans and borrowings | 66,448 | 55,373 | 5,040 | 123,410 |
| | 3,306,157 | 3,295,082 | 2,430,229 | 2,548,599 |

| | 31-Dec 2022 | | 31-Dec 2021 | |
|---|---|---|---|---|
| | Carrying Amount N'000 | Fair value N'000 | Carrying Amount N'000 | Fair value N'000 |
| **THE COMPANY** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 197,986 | 197,986 | 209,773 | 209,773 |
| Equity investments | 1,680 | 1,680 | 1,680 | 1,680 |
| | 199,666 | 199,666 | 211,453 | 211,453 |
| **Financial liabilities** | | | | |
| Trade and other payables | 3,238,975 | 3,238,975 | 2,424,789 | 2,424,789 |
| Interest-bearing loans and borrowings | 66,448.00 | 55,373.33 | 5,040 | 123,410 |
| | 3,305,423 | 3,294,348 | 2,429,829 | 2,548,199 |

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

Trade and other receivables consists of trade receivables, staff loan and due from related parties. Trade and other payables consists of trade payables, due to related parties, and unclaimed dividend.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Fair value of the Group's interest bearing loans and borrowing are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate, including its own credit risk as at 31 December 2022.

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of quoted notes is based on price quotations at the reporting date. The fair values of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

**Description of significant unobservable inputs to valuation:**
The following table provides the fair value measurement hierarchy of the Group's assets and liabilities. Quantitative disclosures of fair value measurement hierarchy for assets as at 31 December:

| THE GROUP and COMPANY | Date of Valuation | Fair Value Measurement using; | | |
|---|---|---|---|---|
| | | Total<br>N'000 | Quoted prices in active markets (Level 1)<br>N'000 | Significant observable inputs (Level 2)<br>N'000 |
| Assets measured at fair value: | | | | |
| Equity investments | 31-Dec-22 | 1,680 | 1,680 | - |
| Equity investments | 31-Dec-21 | 1,680 | 1,680 | - |
| | | | | |
| Liabilities for which fair values are disclosed: | | | | |
| Interest-bearing loans and borrowings | 31-Dec-22 | 55,373 | - | 55,373 |
| Interest-bearing loans and borrowings | 31-Dec-21 | 123,410 | - | 123,410 |

There have been no transfers between Level 1 and Level 2 during the period.

**The following methods and assumptions were used to estimate the fair values:**
- The fair values of the Group's interest-bearing borrowings are determined by using the DCF method using discount rate that reflects the prime lending rate as at the end of the reporting period adjusted for extra risk in the entity.
- The fair values of the quoted equity financial assets are derived from quoted market prices in active markets.

**Valuation technique of unquoted equity investment**

| Type | Valuation technique | Significant unobservable inputs |
|---|---|---|
| Unquoted equity investment | Market approach;<br>The valuation is based on the amount agreed with the lender (FBN quest) at which the remaining Pagatech shares will be exchanged as a write-off of a portion of the outstanding loan. | Not applicable |

## CONSOLIDATED AND SEPARATE STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2022

| | **31 Dec 2022 N'000** | % | **31 Dec 2021 N'000** | **%** | **31 Dec 2022 N'000** | **%** | **31 Dec 2021 N'000** | **%** |
|---|---|---|---|---|---|---|---|---|
| Revenue | 1,531,634 | | 1,065,162 | | 1,531,634 | | 1,065,162 | |
| Other operating income | (814,592) | | (276,989) | | (814,592) | | (276,989) | |
| Less: Bought in materials and services | | | | | | | | |
| - Imported | (884,820) | | (610,698) | | (900,304) | | (608,270) | |
| - Local | (221,205) | | (152,674) | | (225,076) | | (152,068) | |
| **VALUE (ERODED)/ADDED** | **(388,983)** | **100** | **24,801** | **100** | **(408,338)** | **100** | **27,835** | |
| APPLIED AS FOLLOWS: | | | | | | | | |
| To pay employees: | | | | | | | | |
| - Salaries, wages and other allowances | 220,325 | (57) | 235,841 | 951 | 220,325 | (54) | 235,841 | 847 |
| To pay government: | | | | | | | | |
| - Income tax expense | 30,125 | (8) | 7,948 | 32 | 10,555 | (3) | 10,555 | 38 |
| To pay providers of capital: | | | | | | | | |
| - Finance costs | 4,606 | (1) | 4,302 | 17 | 4,606 | (1) | 4,302 | 15 |
| To provide for replacement of assets and development: | | | | | | | | |
| - Depreciation charge on PPE | 3,459 | (1) | 3,403 | 14 | 3,459 | (1) | 3,403 | 12 |
| - Loss for the year | (647,498) | 166 | (226,693) | (914) | (647,283) | 159 | (226,266) | (813) |
| | **(388,983)** | **100** | **24,801** | **100** | **(408,338)** | **100** | **27,835** | **100** |

The value added represents additional wealth created by its own and employees' efforts. This statement shows the allocation of that wealth to employees, provider of finance, shareholders, government and that retained for the future creation of more wealth.

## FIVE-YEAR FINANCIAL SUMMARY- THE GROUP

| | 2022<br>N'000 | 2021<br>N'000 | 2020<br>N'000 | 2019<br>N'000 | 2018<br>N'000 |
|---|---|---|---|---|---|
| Non-current assets | 30,472 | 51,702 | 109,604 | 99,045 | 67,560 |
| Current assets | 2,328,125 | 2,404,122 | 2,131,107 | 2,387,673 | 3,927,978 |
| TOTAL ASSETS | **2,358,597** | **2,455,824** | **2,240,711** | **3,995,538** | **3,986,722** |
| Equity | (2,592,629) | (1,953,733) | (1,725,638) | (1,180,443) | (1,233,011) |
| Non -Controlling interest | - | - | - | - | (37,789) |
| TOTAL EQUITY | **(2,592,629)** | **(1,953,733)** | **(1,725,638)** | **(1,270,800)** | **(616,020)** |
| Current Liabilities | 4,951,226 | 4,409,557 | 3,966,349 | 3,667,161 | 5,266,338 |
| TOTAL LIABILITIES | **4,951,226** | **4,409,557** | **3,966,349** | **5,266,338** | **4,602,742** |
| TOTAL EQUITY AND LIABILITIES | **2,358,597** | **2,455,824** | **2,240,711** | **3,995,538** | **3,986,722** |
| Revenue | 1,531,634 | 1,065,162 | 1,175,264 | 1,432,783 | 1,847,058 |
| Loss before tax | (617,373) | (218,745) | (559,131) | 12,602 | (369,056) |
| Income tax expense | (30,125) | (7,948) | (5,641) | (10,556) | (6,238) |
| Loss for the year | **(647,498)** | **(226,693)** | **(564,772)** | **(375,294)** | **(663,320)** |
| Other Comprehensive income/(loss) for the year | 8,602 | (1,402) | 19,577 | 48,444 | (93,399) |
| Total comprehensive loss for the year | **(638,896)** | **(228,095)** | **(545,195)** | **(468,693)** | **(529,659)** |
| Loss per share (naira)<br>- Basic | **(0.19)** | **(0.07)** | **(0.17)** | **-** | **(0.11)** |
| Net assets per share<br>- Actual (naira) | **(1.53)** | **(1.15)** | **(1.02)** | **(0.70)** | **(0.75)** |

## FIVE-YEAR FINANCIAL SUMMARY - THE COMPANY

| | 2022 N'000 | 2021 N'000 | 2020 N'000 | 2020 N'000 | 2018 N'000 |
|---|---|---|---|---|---|
| Non-current assets | 38,797 | 60,027 | 117,929 | 106,770 | 74,991 |
| Current assets | 2,378,540 | 2,415,057 | 2,203,938 | 2,443,942 | 4,013,689 |
| TOTAL ASSETS | **2,417,337** | **2,475,084** | **2,321,867** | **4,088,680)** | **3,885,618)** |
| Equity | (2,484,653) | (1,837,370) | (1,611,104) | (1,073,150) | (1,034,718) |
| TOTAL EQUITY | **(2,484,653)** | **(1,837,370)** | **(1,611,104)** | **(1,034,718)** | **(462,682)** |
| Current Liabilities | 4,901,990 | 4,312,454 | 3,932,971 | 3,623,862 | 5,123,398 |
| TOTAL LIABILITIES | **4,901,990** | **4,312,454** | **3,932,971** | **5,123,398** | **4,348,300** |
| TOTAL EQUITY AND LIABILITIES | **2,417,337** | **2,475,084** | **2,321,867** | **4,088,680** | **3,885,618** |
| Revenue | 1,531,634 | 1,065,162 | 1,175,264 | 1,226,278 | 1,601,908 |
| Loss before tax | (617,158) | **(218,318)** | **(554,697)** | **(84,750)** | **(280,765)** |
| Income tax expense | (30,125) | (7,948) | (5,641) | (10,555) | (6,238) |
| Loss for the year | **(647,283)** | **(226,266)** | **(560,338)** | **(287,003)** | **(753,387)** |
| Other Comprehensive loss for the year | - | - | 22,384 | 56,873 | (97,414) |
| Total comprehensive loss for the year | **(647,283)** | **(226,266)** | **(537,954)** | **(384,417)** | **(616,058)** |
| Loss per share (naira) | | | | | |
| - Basic | **(0.19)** | **(0.07)** | **(0.17)** | **(0.03)** | **(0.08)** |
| Net assets per share | | | | | |
| - Actual (naira) | **(1.47)** | **(1.08)** | **(0.95)** | **(0.63)** | **(0.61)** |

# PROXY FORM

Annual General Meeting to be held at Management House, 2nd Floor, Plot 22, Idowu Taylor Street Victoria Island, Lagos on **Wednesday, 31st May, 2023 at 10.00a.m.**

I/We* ___________________________________ of _________________________________, being a member/members of Resourcery Plc hereby appoint
___________________________________________________________________ as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 31th May, 2023 and at any adjournment thereof.

Signed this _________ day of ___________________ 2023

Signature ______________________________

| S/N | RESOLUTION | FOR | AGAINST | ABSTAIN |
|---|---|---|---|---|
| | **ORDINARY BUSINESS** | | | |
| 1 | To lay before the meeting, the Audited Financial Statements for the year ended 31stDecember, 2022, together with the Reports of the Directors, External Auditors and the Audit Committee thereon | | | |
| 2. | To elect/re-elect the Directors of the Company | | | |
| 3. | To ratify the appointment of Directors appointed by the board of directors to fill in casual vacancy | | | |
| 4. | To authorize Directors to fix the remuneration of the External Auditor | | | |
| 5. | To elect Members of the Audit Committee | | | |
| 6. | To disclose the remuneration of Managers | | | |
| | **SPECIAL RESOLUTION** | | | |
| | To consider and if thought fit, pass the following resolution as a Special Resolution of the Company:<br>(A) That, the Articles of Association of the Company be amended by the insertion of a new Clause 41A, to read as follows:<br>"41A - A member of the Company or Proxy may participate in any general meeting via teleconference, video conference, and any other technological means that allows the participating member to hear and be heard. Any person so participating in person or by proxy shall be deemed to be present in person at the meeting and shall be entitled to vote and to be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the Chairman of the meeting is then present." | | | |

Please, indicate with "X" in the appropriate box who you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

**NOTE**
A member who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. A Proxy Form has been prepared to enable you exercise your right in case you cannot personally attend the meeting. The Proxy Form should not be completed if the member is attending the meeting in person.

If you are unable to attend, read the following instructions very carefully:

(a.) Write your name in BLOCK CAPITALS on the proxy form where marked*
(b.) Write the name of your proxy where marked**, and ensure the proxy form is dated and signed by you.
©.) The Common Seal should be affixed on the proxy form if executed by a corporation.
(d.) The Proxy Form must be posted so as to reach the address shown overleaf not later than 48 hours before the time for holding the meeting

- - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -

*Before posting the above proxy form, please tear off this part and retain it for admission to the meeting*

**ADMISSION CARD**

**Resourcery Plc**

Annual General Meeting to be held at 17/19 Idowu Taylor Street, Victoria Island, Lagos on **Wednesday, 31st May 2023 at 10.00am.**

Name of Shareholder:

___________________________________________________________________

Signature of person attending:

_____________________________________________________________

NOTE The admission card must be produced by the shareholder or his/ her proxy in order to be admitted at the meeting. Shareholders or the proxies are requested to sign the admission card at the entrance in the presence of the Registrar on the day of the Annual General Meeting.

**Resourcery Plc** RC. 70199
17/19, Idowu Taylor Street, Victoria Island, Lagos
**Tel** 234 – 01 – 463 6000, 271 3515 **Web** www.resourcery.com

**Offices:** Lagos, Abuja, Accra
**Chairman:** Babatunde M. Fafunwa **Non-Executive Directors:** Ike Onyia, Tani Fafunwa
**Executive Directors:** Uzo Obi, Andrew Ejoh (Managing)

Affix
Current Passport
*(To be stamped by Bankers)*

Please write your name at the Back of your passport photograph

# CRESCENT REGISTRARS LIMITED

## E-DIVIDEND ACTIVATION FORM

Date (DD/MM/YYYY)

☐☐ / ☐☐ / ☐☐☐☐

**Instruction:**

Only Clearing Banks are acceptable

Please complete all sections of this form to make it eligible for processing and return to the address below

THE REGISTRAR
CRESCENT REGISTRARS LIMITED
23,Olusoji Idowu Street, Ilupeju, Lagos. Nigeria.
Tel:+234 1 453 8671-4

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my/our bank detailed below;

PROCESSING FEE: N 150.00
PAY TO CRESCENT REGISTRARS, ECOBANK
ACCT. NUMBER
3772000237

Bank Verification Number

Bank Name

Bank Branch/Address

Bank Account Number

Account Opening Date

**Shareholder Account Information**

Surname/Company name First name Other Names

Address

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone (1) Tel (2)

E-mail Address

Signature(s) Company Seal (If applicable)

Joint/Company's Signatories Authorised Signature of Bank/Stamp

**kindly tick & quote your shareholder account no. in the box below:**

| Tick | Name of Company | Shareholder Number |
|---|---|---|
| | Resourcery Plc | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

*For enquiries, please call 01-4538671 & 4 or send email to info@crescentregistrars.com*

By sending this form and checking the option "I AGREE", I, as the Data Subject, hereby consent to the processing of my above given Personal data which I hereby voluntarily provide to Crescent Registrars Ltd." AGREE ☐ DISAGREE ☐

# Solutions Map

**Managed Services & Support**

- Data Centre Support
- Desktop and End User Support
- Incident Management
- LAN Support
- Managed Services
- Manpower Support
- Network and Security Management
- Server Management
- Software Support
- Storage and Backup Management


**Design & Implementation Consultancy**

- Advance Network Services
- LAN and WAN
- Extra Low Voltage Services
- Building Automation
- Building Management System

**Network & Infrastructure**

- Building Management Systems
- Data Centre Solution
  (Data, Power, Cooling, Infrastructure)
- Fire and Safety Solution
- Intelligent Building Infrastructure Systems
- Physical Security Systems
- Power Solutions
- Public Address System
- Routing and Switching
- Smart Building Solutions
- Structured Cabling Systems
  (LAN, WAN, Wireless)