

RONCHESS GLOBAL RESOURCES PLC
(RC 771515)

**UNAUDITED FINANCIAL STATEMENT
FOR THE PERIOD ENDED
SEPTEMBER 30 2022**

RONCHESS GLOBAL RESOURCES PLC

Unaudited Financial Statements
For the period ended 30 SEPTEMBER 2022

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RONCHESS GLOBAL RESOURCES PLC

Audited Financial Statements
For the period ended 30 SEPTEMBER 2022

COMPANY INFORMATION

Directors	Adeolu Adeboye Ukuevo Jackson Okafor Akalaka Temitope Adeboye Tope Adebosin Lanre Ladipo Leon Kelly Nasir Muhammad Niyi Ogunnowo
Business Address	179A Moshood olugbani Street, Off Ligali Ayorinde St, Victoria Island, Lagos
RC NUMBER:	771515
Company Secretary	Chris Oruete
Auditors	Shelze Professional Services 7th Floor Mulinner Towers 39, Alfred Rewane Road Ikoyi
Bankers	Access Bank Plc Guaranty Trust Bank Plc Zenith International Bank plc Polaris Bank Limited United Bank for Africa Plc Access Bank Plc Eco Bank Providus Bank Plc Keystone Bank Limited

RONCHESS GLOBAL RESOURCES PLC

Unaudited Financial Statements
For the period ended 30 SEPTEMBER 2022

DIRECTORS' REPORT

The Directors submit herewith their report together with the audited financial statements of RONCHESS GLOBAL RESOURCES PLC (the "Company") for the period ended 30 SEPTEMBER, 2022.

LEGAL FORM

RONCHESS GLOBAL RESOURCES PLC was incorporated on the 5th of September, 2008.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

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

	2022 ₦'000	2022 ₦'000
Revenue	1,017,132	3,098,611
Profit/(Loss) before tax	242,763	972,242
Taxation		
Profit/(Loss) after tax	242,763	972,242

DIRECTORS AND THEIR INTERESTS

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

SHAREHOLDERS AND SHAREHOLDING

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

Shareholding Structure/Free Float Status

Description	30-Sep-22		30-Sep-21	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	91,000,000	100%	91,000,000	100%
Substantial Shareholdings (5% and above)				
Jackson Ukuevo	63,791,000	70.10%	63,791,000	70.10%
Josephine Ukuevo	14,378,000	15.80%	14,378,000	15.80%
Others	12,831,000	14.10%	12,831,000	14.10%
Total Substantial Shareholdings	91,000,000	100.00%	91,000,000	100.00%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				

	--	--	--	--
		0.00%		0.00%
	--	--	--	--
Total Directors' Shareholdings	0	0.00%	0	0.00%
Other Influential Shareholdings				
		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
Free Float in Units and Percentage	0	0.00%	0	0.00%
Free Float in Value	₦ 0.00		₦ 0.00	

Declaration:

(A) Ronchess Global Plc with a free float percentage of 14.1% as at 30 June 2022, is compliant with the Exchange's free float requirements for companies listed on the Growth Board.
(B) Ronchess Global Resources Plc with a free float value of N12,831,000. as at 30 September 2022, is compliant with the Exchange's free float requirements for companies listed on the Growth Board.
100% 91,000,000

AUTHORIZED SHARE CAPITAL

The authorized share capital of the Company as at 30 SEPTEMBER 2022 is N91,000,000 dividends into 91,000,000 ordinary shares of ₦1 each.

RONCHESS GLOBAL RESOURCES PLC

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EMPLOYMENT AND EMPLOYEES

(a) Employment of physically challenged persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from persons with disability. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him or her to any disadvantage in his or her career development. As at 30 SEPTEMBER 2022, the Company has no disabled persons in its employment.

(b) Health, safety and welfare at work

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

(c) Employee involvement and training

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

EVENTS AFTER REPORTING PERIOD

There is no event after the reporting date that could have a material effect on the state of affairs of the Company as at 30 SEPTEMBER 2022.

Whistle Blowing

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

AUDITORS

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

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

BY ORDER OF THE BOARD OF DIRECTORS

Christopher Egba Oruete, SCN071719

Company Secretary

Ronchess Global Resources Plc

Lagos, Nigeria

30 SEPTEMBER 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors of **RONCHESS GLOBAL RESOURCES PLC** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the company as at 30 SEPTEMBER 2022, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ('IFRS'), the Companies and Allied Matters Act 2020 and in the manner required by the Financial Reporting Council of Nigeria Act, 2011.

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

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

Going Concern:

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

This financial statement was approved on 4th day of July by the Board of Directors of Ronchess Global Resources Plc

**STATEMENT OF COMPREHENSIVE
INCOME**

	Notes	Q3-22 ₹'000	Q3-21 ₹'000
Revenue	4	1,017,132	3,098,611
Cost of sales	5	<u>(501,720)</u>	<u>(1,322,506)</u>
Gross profit		515,412	1,776,105
Other Income	6	-	
Administrative & Operational Expenses	7	(272,650)	(803,863)
Finance Cost	15	<u>(35,507)</u>	<u>(0)</u>
Profit/(Loss) before tax		242,763	972,242
Taxation	8	<u>-</u>	<u>=</u>
Profit/(Loss) after tax		242,763	972,242

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	Q3-22 ₦'000	Q3-21 ₦'000
Non-current assets			
Property, plant and equipment	17	7,037,485	3,403,533
Total Non-current assets		7,037,485	3,403,533
Current assets			
Cash & Cash Equivalents	9	5,277	563,237
Trade and Other Receivables	10	15,246,538	12,267,959
Investments	11	2,558	30,000
Prepayments	11b	39,359	32,426
Total current assets		15,511,875	12,893,622
Total Assets		22,549,360	16,297,155
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	14	91,000	91,000
Retained Earnings		13,003,332	8,724,288
Revaluation Reserve		4,747,964	-
Total equity		17,842,296	8,815,288
Current Liabilities			
Trade and other Payables	12	3,811,675	6,835,350
Bank Overdraft	16	-	-
Income Tax Payable	8	214,359	110,820
Borrowings	13	681,030	536,697
Total current liabilities		4,707,064	7,481,867
Total Liabilities and Equity		22,549,360	16,297,155

Signed on behalf of
RONCHESS GLOBAL RESOURCES PLC



Jackson Ukuevo
Chief Executive Officer
Member, Institute of Directors Nigeria
4th October 2022



Celestine Osimhen
Financial Controller
ICAN: MB019763
October 4 2022

	Q3-22	Q3-21
	₹'000	₹'000
Operating Activities		
Profit/(Loss) after Tax	242,763	862,069
Adjustments for non-cash items		
Depreciation & Amortization	79,804	79,804
Exchange Gain		
Tax Provision	-	
Finance Cost		
Prior year Adjustments		
Cashflow from operating activities before changes in Working capital		283,036
Movement in working capital		
Increase/decrease in current assets	337,154	(593,959)
Increase/decrease in current liabilities	45,000	256,220
Cash generated from operations	30,413	734,307
Tax	-	
Cash generated from operating activities	30,413	734,307
Investing Activities		
Purchase of Property, Plant and Equipment	()	(187,420)
Investment		-(2558)

Net Cash generated from Investing Activities

Financing Activities

Share Capital		1000
Finance Cost		(7,200)
Finance Cost	(35,507)	
Long term borrowing		
Net cash generated from financing activities	(84,215)	(6,200)
Net increase in cash and cash equivalent	(5,094)	538,129
Cash at the beginning of the year	10,371	25,108
Cash at the end of the year	5,277	563,237
Represented by:		
Cash Balance	5,277	563,237
Bank Overdraft	-	
	5,277	563,237

STATEMENT OF CHANGES IN EQUITY

	Share Capital ₦'000	Retained Earnings ₦'000	Revaluation Reserve ₦'000	Total ₦'000
At 1 July 2022	91,000	12,760,569	4,668,160	17,519,729
Adjustment				
Profit/(Loss) for the year	-	242,763	79,804	322,567
Balance at 30 SEPTEMBER 2022	91,000	13,003,332	4,747,964	17,842,296

	Plant & Machinery	Computer Equipment	Furniture & Fittings	Motor Vehicle	Office Equipment	Generator	Total
2022							
Cost	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 July 2022	2,250,844	12,903.77	45,959	319,493	121,639	77,611	2,793,107
Additions							
At 30 September	2,250,844	12,903.77	45,958.65	309,492.84	121,638.54	77,611.42	2,828,449
Accumulated Depreciation							-
At 1 July	267,453	4,916	17,159	116,417	34,443	18,736	299,516
Charge for the period	42,568	586	2,888	21,014	7,818	4,930	79,804
At 30 September	310,021	5,502	20,047	137,431	42,261	23,666	459,124
Net Book Amount at 30 SEPTEMBER 2022	5,389,632.76	44,545.36	239,269.93	686,687.98	504,304.79	173,044.38	7,037,485

1. General Information

1.1 Presentation of Financial Statements

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

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

The company's functional and presentation currency is the Naira.

1.2 Going Concern

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

2. Basis of Preparation

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

(a) Statement of Compliance

The financial statements of RONCHESS GLOBAL RESOURCES PLC is a general-purpose financial report which has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the requirements of the Companies and Allied Matters Act 2020, and the Financial Reporting Council of Nigeria Act 2011.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Financial instruments measured at amortized value
- Inventory- lower of cost and net realizable value.
- Lease liabilities- measured at present value of future lease payments

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

(c) Functional and Presentation Currency

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

2.1 Use of Estimates and Judgments

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

Estimate and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.1.1 Judgments

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

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

Note x: Trade receivables - in determining the expected credit loss to be recognised
There were no other significant judgements that could have a material impact on the reported amounts in the financial statements.

2.1.2 Measurement of fair values

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

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

3. Application of New and Revised International Financial Reporting Standards (IFRSs)

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied by the Company in the period presented in the financial report.

3.1 Standards issued but not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2022 and have not been adopted in preparing these financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Company are set out below. Earlier adoption is permitted; however, the company has not early adopted the new or amended standard in preparing the financial statement.

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For the period ended 30 SEPTEMBER 2022*

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39 and IFRS 7); and

3.2

- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows;

- Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37 - 1 Jan 2022
- Property, Plant & Equipment: Proceeds before Intended Use - Amendments to IAS 16 - 1 Jan 2022;
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Classification of Liabilities as Current and Non-current - Amendments to IAS 1 - 1 Jan 2022
- Classification of Liabilities as Current and Non-current - Amendments to IAS 1 - 1 Jan 2022

NOTES TO THE FINANCIAL STATEMENTS

3.3 Significant Accounting Policies

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

(i) Foreign currency transactions

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

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different to those at which they were initially recognized, are recognized in the statement of profit or loss in the period in which they arise.

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

(ii) Fair value changes

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

(iii) Income tax expense

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

The current income tax charge is the aggregate of the charge to the profit and loss account in respect of current income tax and education tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) and assessed at 30% of taxable profit. Education tax is assessed at 2% of the assessable profits. The directors of the Company continually evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Where the Company has tax losses that can be relieved against a tax liability for a previous year, it recognizes those losses as a recoverable, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises.

NOTES TO THE FINANCIAL STATEMENTS

(iv) Deferred tax

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

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

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

(v) Tax expense

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

- a transaction or event which is recognized, in the same or a different period, to other comprehensive income, or
- a business combination

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

(vi) Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Non-derivative financial assets

a) Recognition and initial measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

b) Subsequent measurement

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

c) Classification

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

1. Amortized cost

A financial asset is measured at amortized cost only if it is held within a business model whose objective is to hold assets to collect contractual cash flows (the held-to-collect business model); and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion).

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

2. Fair value through other comprehensive income (FVOCI)

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

3. Fair value through profit or loss (FVTPL)

All other financial assets - i.e. financial assets that do not meet the criteria for classification as subsequently measured at either amortized cost or FVOCI - are classified as subsequently measured at fair value, with changes in fair value recognized in profit or loss.

In addition, the Company has the option on initial recognition to irrevocably designate a financial asset as at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency - i.e. an 'accounting mismatch' - that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. The Company did not have assets measured at FVTPL as at year end.

d) De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

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

- **e) Offsetting financial instruments**

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

- **f) Impairment of financial assets**

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

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

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

To assess whether there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort, and is relevant for the particular financial instrument being assessed. The information used includes factors that are specific to the borrower and general economic conditions. Possible data sources include internal loss experience and ratings, and external ratings, reports and statistics.

When the Company considers that there are no realistic prospects of recovery of the financial asset, the relative amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities

Non-Derivative financial liabilities:

a. Classification

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

Financial liabilities at amortized cost

These includes trade and other payables, loan payables and borrowings. Trade payables are classified as current liabilities due to their short-term nature while borrowings are split into current and non-current liabilities.

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

b. Recognition & measurement

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

(vii) Cash and cash equivalents

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

(viii) Property, plant and equipment

I. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

NOTES TO THE FINANCIAL STATEMENTS

I II. Subsequent costs

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

I III. Right-of-use-assets

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

I IV. Depreciation

Depreciation is calculated on items of property, plant and equipment on a straight-line basis over the estimated useful economic lives.

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

Asset class	15
Useful life (years) Plant & Machinery Generator	5
Computer	5
Equipment Furniture & Fittings	5
Motor Vehicles	5
Office Equipment	5

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

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

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

RONCHESS GLOBAL RESOURCES PLC

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NOTES TO THE FINANCIAL STATEMENTS

V. DE-recognition

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

VI. Gain or Loss On Sale of Property, Plant and Equipment: The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognized as an item of other income in the period in which the significant risks and rewards of ownership are transferred to the buyer.

IX) Prepayments and Advances: Prepayment and advances are non – financial assets which result when payments are made in advance of the receipt of goods and services. They are recognized when the company expect to receive future economic benefits equivalent to the value of the prepayment. The receipt or consumption of the services result in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

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

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

XII) Related Party: related parties include the holding company and other group entities. Director, their close family members and any employee who are also considered to be related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of that entity.

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

XIV) Revenue Recognition: The company recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good and service). the amount of revenue recognized is the amount allocated to the satisfied at a point in time (typically for promises to transfer services to a customer or for construction related activities).

NOTES TO THE FINANCIAL STATEMENTS

XV) Inventories

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

XV) Provisions and Contingent Liabilities

- a. Provisions:** are recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.
- b. Contingent liability:** A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liability in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

XVI) Employee benefits

- a. Defined contribution plan:** a defined contribution plan is a post-employment benefit plan (pension fund) under which the company pays a fixed contribution into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods

In line with the provision of the pension reform act 2004, which was updated in July 2014, the company has a defined contribution pension scheme for its staff. Employee contribution is charged to profit or loss. The company and employees contribute 10% and 8% respectively of the employee's basic, housing and transport allowance to the scheme.

- b. Termination benefits:** termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognizes cost for a restructuring. If benefits are not expected to be wholly within 3 months of the reporting period, then they are discounted.

NOTES TO THE FINANCIAL STATEMENTS

c. Short-term employee benefits

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

XVII) Share Capital

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

Ordinary shares are classified as equity. Mandatorily, redeemable preference shares are classified as liabilities.

Share issue cost

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

Dividends on Ordinary Share

Dividends on ordinary shares are recognized as liability in the period in which they are approved by the company's shareholders. Dividends declared after the balance sheet dates are dealt with in the subsequent period.

Xviii) Earning Per Share

Basic earnings per share is calculated by dividing net profit after tax applicable to equity holders of the company, excluding any costs of servicing other equity instruments, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effective interest and other financing costs associated with dilutive potential ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

18. Financial Risk Management

18.1 Financial Risk Factors

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

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

a) Market Risk

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

Interest Rate Risk

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

b) Credit Risk

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

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

18.2 Capital Risk Management

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

19) Impact of Covid -19 on the operation company

There was no significant impact on the entity as at period end.

20) Litigations and Claims

There are no outstanding litigation or claims against the entity as at period end.