



LIMECO RESOURCES LIMITED  
Company no. 1201 20 105881. TPIN 1002256922  
Subdivision K. Farm No 688  
Mungwi Road  
Lusaka West Zambia  
P.O. Box 35285 Lusaka, Zambia

26<sup>th</sup> March, 2024.

**LIMECO – LR 062/2023**

The Director of Mines,  
Ministry of Mines and Mineral Development,  
14<sup>th</sup> Floor New Government Complex,  
P.O. Box 31969,  
Lusaka,  
Zambia.

Dear Sir,

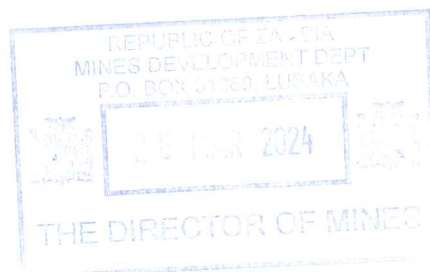
**RE: 2023 AUDITED FINANCIAL REPORT- LICENSE NO. 21279-HQ-MPL**

The above subject matter refers.

Kindly find attached Audited Financial Report for Limeco Resources Limited 2023.

Yours faithfully,

  
Mathews Ngosa,  
Mine Manager.  
For and on behalf of Limeco Resources Limited.

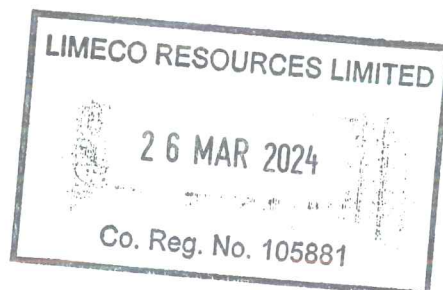
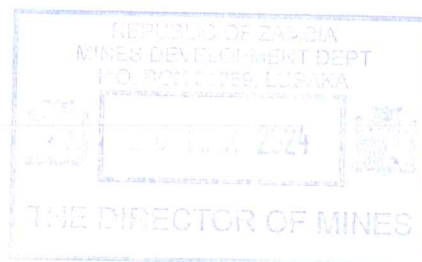


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**LIMECO RESOURCES LIMITED  
MANAGEMENT ACCOUNTS**

for the 5 months period ended 31 December 2023

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**LIMECO RESOURCES LIMITED****MANAGEMENT ACCOUNTS**

for the 5 months period ended 31 December 2023

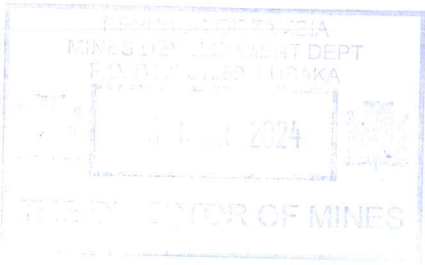
**Company information**

<b>Country of registration</b>	Zambia
<b>Company registration number</b>	120120105881
<b>Date of registration</b>	02 October 2012
<b>Nature of business</b>	Mining of other non-ferous metal ores, quarrying of stones, sand and clay, mining of iron ores, chemical and fertilizer minerals, and other mining and quarrying activities. Support activities for other mining and quarrying, manufacture of cement, lime, plaster, articles of concrete, cutting, shaping of finished stone, manufacture of non-metallic mineral products, including wholesale of metals, metal ores and non specialised wholesale trade.
<b>Directors</b>	John Stephanos Samaras Jehonatan Ben Zeev Yogita Dayabhai Amit Isak
<b>Registered office</b>	P O Box 35285 Subdivision K, Farm No.688 Mungwi Road Lusaka West Lusaka
<b>Bankers</b>	ABSA Zambia PLC First National Bank Zambia Limited
<b>Accountants</b>	HLB Zambia 2 <sup>nd</sup> Floor Saturnia House Plot 6392 Dunduza Chisidza Road Longacres P.O Box 32232 Lusaka
<b>Secretary</b>	Chibuye Nkandu



LIMECO RESOURCES LIMITED  
MANAGEMENT ACCOUNTS  
for the 5 months period ended 31 December 2023

CONTENTS	PAGE
Company information	1
Report of the Directors	2 - 3
Statement of responsibility	4
Report of the Compiling Accountants	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cashflows	9
Notes to the financial statements	10 - 23
The following is a supplementary schedule of the financial statements:	
• Detailed Income and Expense schedule	24



**LIMECO RESOURCES LIMITED****REPORT OF THE DIRECTORS**

for the 5 months period ended 31 December 2023

The Directors present their management accounts of Limeco Resources Limited for the 5 months period ended 31 December 2023.

**1. Business and operations**

The principal activity of the company continues to be that of Mining of other non-ferous metal ores, quarrying of stones, sand and clay, mining of iron ores, chemical and fertilizer minerals, and other mining and quarrying activities. Support activities for other mining and quarrying, manufacture of cement, lime, plaster, articles of concrete, cutting, shaping of finished stone, manufacture of non-metallic mineral products, including wholesale of metals, metal ores and non specialised wholesale trade.

**Financial results****2023****ZMW**

The results for the year were:

Revenue	1,477,388
Loss for the year	(6,003,583)

**2. Share capital**

The Company had a total of 15,000 authorised ordinary shares with only 5,001 ordinary shares valued at ZMW1 each issued and paid as at period end. There was no change to share capital during the year.

**3. Property, plant and equipment**

During the year, the company acquired property and equipment valued at **ZMW202,966**. There were no disposals during the year.

**4. Number of employees**

The number of staff in employment during the year was less than 100 and the total remuneration was **ZMW4,051,033**.

**5. Directors**

The Directors of the company during the accounting year and up to the date of this report were as follows:

<b>Name</b>	<b>Position</b>	<b>Nationality</b>
John Stephanos Samaras	Director	Zambian
Jehonatan Ben Zeev	Director	Israel
Yogita Dayabhai	Director	Zambian
Amit Isak	Director	Israel

**6. Gifts and donations**

The Company did not make any donations during the year.

**LIMECO RESOURCES LIMITED**  
**REPORT OF THE DIRECTORS** *(continued)*  
for the 5 months period ended 31 December 2023

**7. Research and Development**

The Company did not carry out any research and development activities during the year.

**8. Health and safety of employees**

The Directors are aware of their responsibilities towards the health and safety of employees and have, accordingly, put appropriate measures in place to safeguard the health and safety of employees.

**9. Corporate Governance**

The Directors are committed to high standards of corporate governance which is fundamental to discharging their leadership responsibilities. The Board applies integrity, principles of good governance and accountability throughout its activities.

**10. Accountants**

During the year, Messrs HLB Zambia were appointed as Accountants of the Company and have expressed their willingness to continue serving the Company as Accountants. A resolution proposing their re-appointment will be put to the next Board Meeting.

By order of the board,

**COMPANY SECRETARY**

**LIMECO RESOURCES LIMITED**  
**STATEMENT OF RESPONSIBILITY**

for the 5 months period ended 31 December 2023

Part XII and Section 246 of the Zambian Companies Act, 2017 of Zambia requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of the Company and of the profit or loss for that year. In preparing those financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed the applicable accounting standards. The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Part XII and Section 246 of Zambian Companies Act of Zambia , we the Directors of **Limeco Resources Limited** are of the opinion that:

- a) the statement of financial position is drawn up so as to give a true and fair view of the state of the affairs of the company as at 31 December 2023; and
- b) the statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the loss of the company for the 5 months period ended 31 December 2023;
- c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.
- d) the financial statements have been prepared in accordance with the International Financial Reporting Standards and the requirement of the Companies Act, 2017 of Zambia.

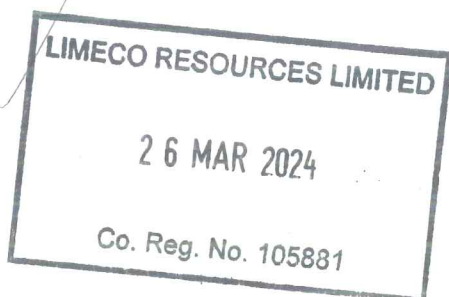
The Directors are also responsible for the company's system of internal financial control. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on a going concern basis, since the Directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

The financial statements which appear on pages 6 to 23 were approved by the Board of Directors.

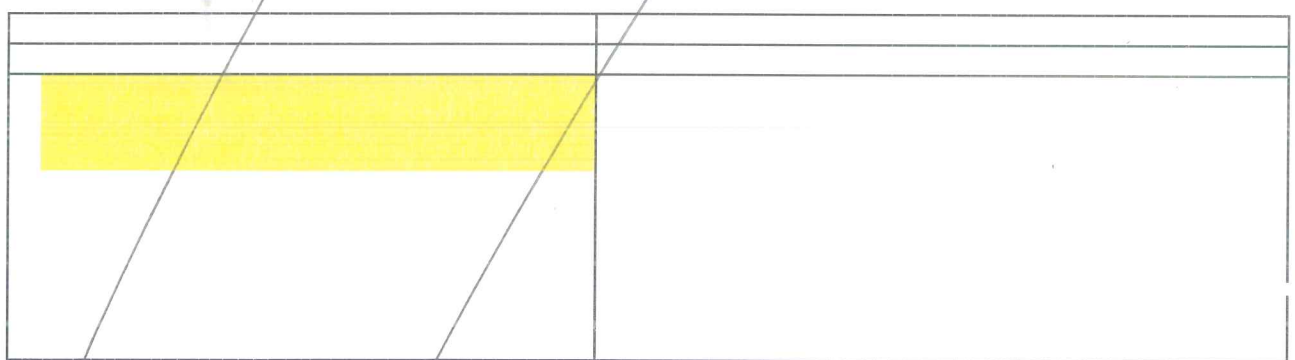
  
\_\_\_\_\_  
Director

Date:



\_\_\_\_\_  
Director

Date:



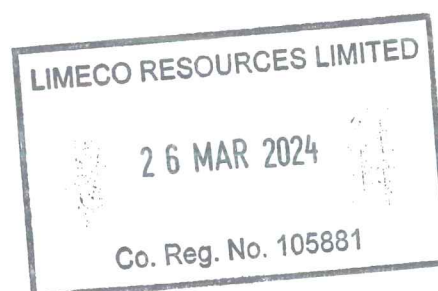


**LIMECO RESOURCES LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the 5 months period ended 31 December 2023

	NOTES	2023 ZMW
Revenue	Sch I	<u>1,477,388</u>
Cost of sales	Sch I	<u>(5,041,391)</u>
<b>Gross loss</b>		<b>(3,564,002)</b>
Other income	Sch I	405,242
Employee benefits costs	Sch I	(4,051,033)
Other operating expenses	Sch I	(1,330,650)
Depreciation	Sch I	-
<b>Operating loss</b>		<b>(8,540,443)</b>
Finance costs	Sch I	-
<b>Loss before tax</b>		<b>(8,540,443)</b>
Income tax credit	6	<u>2,536,861</u>
<b>Loss for the year</b>		<b>(6,003,583)</b>
Other comprehensive gains and losses		-
<b>Total comprehensive loss for the year</b>		<b><u>(6,003,583)</u></b>



**LIMECO RESOURCES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2023

	NOTES	2023 ZMW
<b>ASSETS</b>		
<b>Non - current assets</b>		
Property, plant and equipment	4	202,966
Deferred tax asset	7	2,536,861
<b>Total non - current assets</b>		<u>2,739,827</u>
<b>Current assets</b>		
Inventory		4,234,956
Trade and other receivables	9	46,715
Cash and bank balances	10	2,901,423
<b>Total current assets</b>		<u>7,183,093</u>
<b>Total assets</b>		<u>9,922,920</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	12	5,001
Deficit in revenue reserves		(6,003,582)
<b>Total shareholders deficit</b>		<u>(5,998,581)</u>
<b>Non current liabilities</b>		
Amounts due to a related party	13	15,023,486
<b>Total non current liabilities</b>		<u>15,023,486</u>
<b>Current liabilities</b>		
Trade and other payables	11	898,015
<b>Total liabilities</b>		<u>15,921,501</u>
<b>Total equity and liabilities</b>		<u>9,922,920</u>

The financial statements on pages 6 to 23 were approved by the Board of Directors on \_\_\_\_\_ and were signed on its behalf by:

Director

Director

**LIMECO RESOURCES LIMITED**

**26 MAR 2024**

**Co. Reg. No. 105881**

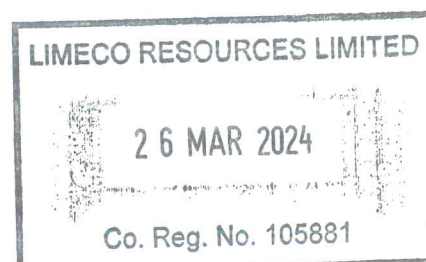
LIMECO RESOURCES LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 for the 5 months period ended 31 December 2023

	Share capital ZMW	Deficit in revenue reserves ZMW	Total equity ZMW
At 1 January 2023	-	-	-
Issue of shares	5,001	-	5,001
Total comprehensive loss for the year	-	(6,003,583)	(6,003,583)
At 31 December 2023	<u>5,001</u>	<u>(6,003,582)</u>	<u>(5,998,582)</u>



**LIMECO RESOURCES LIMITED**  
**STATEMENT OF CASHFLOWS**  
for the 5 months period ended 31 December 2023

	NOTES	2023 ZMW
<b>Operating activities</b>		
Loss before taxation	Sch 1	(8,540,443)
<i>Adjustments for non cashflow items</i>		
Depreciation and amortisation	4	-
<b>Operating cashflows before movement in working capital</b>		<u>(8,540,443)</u>
<i>Movement in working capital</i>		
Increase in inventory		(4,234,956)
Increase in trade and other receivables	9	(46,715)
Increase in trade and other payables	11	898,015
		<u>(11,924,099)</u>
Taxation paid and adjusted	6	-
<b>Net cash outflows from operating activities</b>		<u>(11,924,099)</u>
<b>Investing activities</b>		
Acquisition of property and equipment	4	(202,966)
<b>Cash outflow from investing activities</b>		<u>(202,966)</u>
<b>Financing activities</b>		
Movement in related party borrowings	13	15,023,486
<b>Cash outflow from financing activities</b>		<u>15,023,486</u>
<b>Net increase in cash and cash equivalents</b>		<u>2,896,422</u>
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year	10	<u><u>2,896,422</u></u>
<b>Cash and cash equivalents consist of:</b>		
Cash and bank balances	10	<u><u>2,901,423</u></u>



## LIMECO RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

for the 5 months period ended 31 December 2023

#### 1. General information

Limeco Resources Limited is a limited Company domicile and incorporated in Zambia. The addresses of its registered office and principal place of business and principal activities are disclosed on the company information sheet of the financial statements.

#### 2. Basis of preparation and accounting policies

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") for SMEs and the Companies Act, 2017 of Zambia.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zambian Kwacha, which is the company's functional currency.

#### Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The 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.

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

#### Revenue recognition

The company recognizes contract revenue and contract costs associated with the construction contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. Reliable estimation of the outcome requires reliable estimates of the stage of completion, future costs and collectability of billings.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes.

#### Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. These include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings.

All borrowing costs are recognised as an expense in the period in which they are incurred.



LIMECO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the 5 months period ended 31 December 2023

*Income tax*

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

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

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of plant and equipment:

IT equipment	25%
Plant and machinery	2%

LIMECO RESOURCES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS *(continued)*  
for the 5 months period ended 31 December 2023

2. Basis of preparation and accounting policies *(continued)*

***Property, plant and equipment***

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised retrospectively to reflect the new expectations.

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

***Intangible assets***

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of ten years using the straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

***Impairment of assets***

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

LIMECO RESOURCES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS *(continued)*  
for the 5 months period ended 31 December 2023

2. Basis of preparation and accounting policies *(continued)*

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**Share capital and equity**

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

**Inventories**

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the weighted average costing method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**Trade and other receivables**

Most sales are made on the basis of normal credit terms and do not bear interest. Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.



LIMECO RESOURCES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the 5 months period ended 31 December 2023

2. Basis of preparation and accounting policies (continued)

*Trade and other receivables* (continued)

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Zambian Kwacha equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

*Trade payables*

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Zambian Kwacha equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

LIMECO RESOURCES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS *(continued)*  
for the 5 months period ended 31 December 2023

2. Basis of preparation and accounting policies *(continued)*

***Loans and borrowings from related parties***

Loans from group companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Zambian Kwacha equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

***Cash and cash equivalents***

Cash and cash equivalents includes cash on hand, demand deposits and other short term highly liquid investments with original maturities of three months or less.

***Bank loans and overdrafts***

Bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

***Employee benefits***

Membership of the statutory National Pension Scheme (NAPSA) is compulsory and monthly contributions by both employer and employees are made. The employer's contribution is accounted for in profit or loss as it arises. For employees on fixed term contracts, provision for end of contract gratuity is made on an accrual basis for the period of employment.

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

LIMECO RESOURCES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the 5 months period ended 31 December 2023

2. Basis of preparation and accounting policies (continued)

**Foreign currencies**

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Zambian Kwacha (ZMW).

*Transactions and balances*

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

**Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this standard referred to as the 'reporting entity').

- i) A person or a close member of that person's family is related to a reporting entity;
  - a) has control or joint control of the reporting entity;
  - b) has significant influence over the reporting entity; or
  - c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- ii) An entity is related to a reporting entity if any of the following conditions apply:
  - a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - c) Both entities are joint ventures of the same third party;
  - d) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - e) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - f) The entity is controlled or jointly controlled by a person identified as a related party;



LIMECO RESOURCES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the 5 months period ended 31 December 2023

2. Basis of preparation and accounting policies (continued)

Related parties (continued)

- g) A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- h) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity;

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

3. Key sources of estimation uncertainty

*Estimates of asset lives, residual values and depreciation methods*

The company reviewed the residual values, useful lives and carrying amount of its equipment and other moveable assets to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The company judged a residual value of zero as a result of the fact that equipment and other moveable assets are not held for trading and these are normally scrapped.

*Estimates of asset lives, residual values and depreciation methods*

Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

*Inventories*

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

*Taxation*

The Company's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the Zambia Revenue Authority (ZRA). Uncertain tax items for which a provision is made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the Company.

*Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**LIMECO RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the 5 months period ended 31 December 2023

**3. Key sources of estimation uncertainty** *(continued)*

***Calculation of expected credit loss allowance***

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for Companyings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company 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.

***Key Judgements in applying these accounting policies***

***Measurement of fair values***

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards, as explained below:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

LIMECO RESOURCES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the 5 months period ended 31 December 2023

*Key Judgements in applying these accounting policies (continued)*

*Income taxes*

The Company is subject to income taxes in the Republic of Zambia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

*Judgements in determining the amount of revenue to be recognised*

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The entity assesses the nature and timing of the satisfaction of a performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies as agreed in the contract with the customer.

Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

*Significant increase in credit risk*

As explained in note 3.13 (c), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

## LIMECO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2023

## 4 PROPERTY AND EQUIPMENT

		2023	
	Cost / valuation ZMW	Accum dep'n ZMW	Carrying value ZMW
<i>Owned assets</i>			
IT equipment	106,899	-	106,899
Capital WIP - Kiln Refurbishment	96,067	-	96,067
<i>Total</i>	<u>202,966</u>	<u>-</u>	<u>202,966</u>

The carrying amounts of property and equipment can be reconciled as follows:

2023	Carrying value at beginning of year ZMW	Additions ZMW	Write offs/ Disposals ZMW	Dep'n eliminated on disposal ZMW	Dep'n charge ZMW	Carrying value at end of year ZMW
<i>Owned assets</i>						
IT equipment	-	106,899	-	-	-	106,899
Capital WIP - Kiln Refurbishment	-	96,067	-	-	-	96,067
	<u>-</u>	<u>202,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,966</u>

The Directors consider that the carrying values of the assets are not materially different from their fair values.

**LIMECO RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 December 2023

2023  
ZMW

**5 LOSS BEFORE TAX**

Profit before tax is stated after (charging)/ crediting:

Other income

405,242

Depreciation (note 4)

-

**6 INCOME TAX EXPENSE**

Income tax charge comprises of:

Current taxation

-

Deferred taxation - current year expense

(2,536,861)

**Income tax expense**

**(2,536,861)**

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate and is reconciled as follows:

Loss before tax

(8,540,443)

Income tax using the Company's domestic tax rate (30%)

(2,562,133)

Tax effect of permanent differences

25,272

(Over) / under provision

-

**Income tax expense**

**(2,536,861)**

Current income tax movement in the statement of financial position:

At 1 January

-

Charge for the year

-

Paid during the year

-

At 31 December

-

**7 DEFERRED TAX ASSET**

Deferred tax is computed using the enacted income tax rate of 30%. The gross movement on the deferred income tax account is as follows:

At 1 January

-

Charge for the year

(2,536,861)

**At 31 December**

**(2,536,861)**

Deferred income tax asset is attributable to the following items, Tax effect at 30% of timing differences due to:

Excess of capital allowances over depreciation

8,017

Taxables losses carried forward

(2,544,879)

**Net movement**

**(2,536,861)**



**LIMECO RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 December 2023

2023  
ZMW

**8 INVENTORY**

Inventory - Spares	2,463,092
Inventory - Stores	1,364,340
Inventory - Diesel Tank 1	343,908
Inventory - Safety	58,148
Inventory - Explosives	5,469
	<u>4,234,956</u>

**9 TRADE RECEIVABLES**

Trade receivables	46,715
Less: Provision for bad debts	-
	<u>46,715</u>
Advance to employees	-
Other current assets and receivables/prepayments	-
	<u>46,715</u>

The Directors consider that the carrying amount of trade receivables approximates their fair value.

**10 BANK AND CASH EQUIVALENTS**

Cash at bank	2,897,584
Cash on hand	3,838
	<u>2,901,423</u>

**11 TRADE AND OTHER PAYABLES**

Trade payables	91,027
Other payables and accruals	806,988
	<u>898,015</u>

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

**12 SHARE CAPITAL**

***Authorized and issued and fully paid up share capital***

Issued and fully paid up share capital (5001 shares @ ZMW1 each)	5,001
Floating and unpaid share capital (Nil shares @ K1 each)	

The shareholding structure of the issued and fully paid up share capital is detailed below:

Shareholder	Shareholding %	No of shares held
KAI Group	50%	2,501
Samfuel Limited	50%	2,500
	<u>100%</u>	<u>5,001</u>

13 RELATED PARTY BORROWINGS

During the year the Company carried out transactions with the following related parties:  
The balance from shareholders can be broken down as;

KAI Group	14,567,694
Idea Plus Technologies Ltd	455,792
	<hr/>
Non-current assets	15,023,486
	<hr/>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties. The transactions were carried out on an extended credit basis.

14 CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2023.

15 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2023.

16 EVENTS AFTER REPORTING DATE

There has been no events subsequent to the reporting date that may require disclosure or adjustment to the financial statements.

**LIMECO RESOURCES LIMITED**  
**DETAILED INCOME AND EXPENDITURE STATEMENT**  
for the year ended 31 December 2023

2023  
ZMW

**Revenue**

Sales 1,477,388

**Direct costs**

Consumables	2,689,166
Spares	637,643
Fees: Contractors	569,568
Labour hire	496,395
Repairs and maintenance	264,262
Fees: Licences	236,772
Fees: Consultant	147,584
	<u>5,041,391</u>

**Gross loss** (3,564,002)

**Other income**

Exchange gains 405,242

**Employee benefit expenses**

Salaries and wages	2,862,628
PAYE & Skills Levy Development	701,444
Pension contributions	241,240
Napsa contributions	207,727
Nhima contributions	37,994
	<u>4,051,033</u>

**Other operating expenses**

Travel and accommodation	497,574
General expenses	387,893
Utilities - Electricity	153,176
Medical and first aid expenses	89,181
Insurance	49,729
Telecommunication	48,416
Utilities - Municipal rates	39,520
Bank charges	16,715
Staff welfare	15,439
Staff Meals	9,115
Transport - Other	8,535
Foodstuffs	7,507
Equipment hire	5,000
Training and development	2,850
	<u>1,330,650</u>

**Depreciation and amortisation**

Charge for the year	-
Interest expense	-

**Total operating expenses** 1,330,650

**Loss before taxation** (8,540,443)