

Registered number: 08330294

SUMO RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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SUMO RESOURCES PLC

COMPANY INFORMATION

Directors	AB Odendaal HA Claassen
Company secretary	@Ukplc Client Secretary Ltd
Registered number	08330294
Registered office	5 Jupiter House Calleva Park, Aldermaston Reading Berkshire RG7 8NN
Independent auditors	Fisher Michael Chartered Accountants The Old Grange Warren Estate Lordship Road Chelmsford CM1 3WT

SUMO RESOURCES PLC

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SUMO RESOURCES PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

Sumo Resources is a group of companies focused on the trade and extraction of rare minerals like Tantalum, Niobium and Gold. These minerals, specifically Tantalum, are essential in the manufacture of electronic components for mobile devices, medical equipment, specialised steel alloys, lenses and engineering supplies to name a few. The group targets geographical areas that are rich in high value low volume minerals but with an underdeveloped mining sector typically due to a lack of infrastructure.

BUSINESS REVIEW

Business Structure

The group structure includes a holding company, a trading company and geographical subsidiaries. Sumo Resources Plc, incorporated in England, is the holding company for the group and is listed on the Euronext Paris Access segment. Sumo Resources FZC, incorporated in the United Arab Emirates, is one hundred percent owned by Sumo Resources Plc and is the trading company for the group. All sales outside the group are done via this entity. Subsidiaries are entities incorporated in the geographical areas where the group chooses to operate and establish projects to source rare minerals. These entities are typically majority owned by Sumo Resources. The balance of shareholding belongs to locals that add value through local knowledge of the geographical region. Currently the group has a subsidiary, SR Tanmin Sarl, established in the Democratic Republic of Congo of which it owns seventy five percent.

Business Model

In our business model Sumo Resources Plc is used to attract capital for the group operations. Sumo Resources FZC is the central trading company in the group. It may source and sell a wide variety of resources to external customers. In order to provide a dedicated flow of resources Sumo Resources Plc establishes its own mining and trading operations in geographical areas that meet its criteria.

The typical projects that the subsidiaries get involved in is high value rare minerals, like Tantalum, that can be extracted by small scale surface mining operations that do not require large investments. The group provides funding for the projects and in return the subsidiaries supply all production to Sumo Resources FZC at a predetermined margin on cost.

Business Activities

During the reporting period the activities of the company were focused on restructuring the group operations and its subsidiary SR Tanmin in the Democratic Republic of Congo.

For reasons of optimization the board decided to effect the following changes to the group structure:

- Create a trading entity, Sumo Resources FZC, in the United Arab Emirates. This entity replaces the function of Sumo Resources Ltd in Hong Kong.
- Make SR Tanmin Sarl a direct subsidiary of Sumo Resources Plc as opposed to the shareholding being held in the trading entity in the group (from 01 April 2017).

SUMO RESOURCES PLC

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

SR Tanmin made substantial progress in the reporting period. The following goals were achieved:

- Exploration licenses over the eight concessions applied for was granted in the second half of the reporting period.
- A license to establish a Tantalite processing facility in Maniema province was granted to the company.
- The company became revenue generating with its first export from its Gold Trading operation.

Events subsequent to the end of the reporting period

The company has developed and submitted Environmental Rehabilitation Plans for each of its exploration concessions to government for approval.

Next Steps

Although SR Tanmin has been granted a license to establish a basic Tantalite processing facility in Maniema province, the project cannot proceed until the company has been authorised to operate in the global supply chain. Applications in this regard was submitted in 2017 and the approvals by the international body doing the audits are still pending. Assuming that this happens timeously the company plans exports in the current period.

In terms of the exploration concessions the company developed and submitted Environmental Rehabilitation Plans for each of its exploration concession to government for approval. Formal exploration may not start until these plans are approved. It is expected that the approvals will be granted in the second half of the current period where after work can start.

PRINCIPAL RISKS AND UNCERTAINTIES

Funding

The principal risk for the business remains future funding for projects and specifically the global appetite for funding mining in Africa.

Demand for Rare Minerals

Rare minerals are critical for the manufacturing industry as a whole. However due to the unpredictable global economy it is not certain what the demand for the group's production, and therefore revenue, may be in the future. The board of directors decided to use conservative market prices in its assumptions for revenue forecast.

FINANCIAL KEY PERFORMANCE INDICATORS

The group results are reviewed regularly to monitor expenditure levels against expectations. As income is generated different key performance indicators will be needed and these will be reviewed over time.

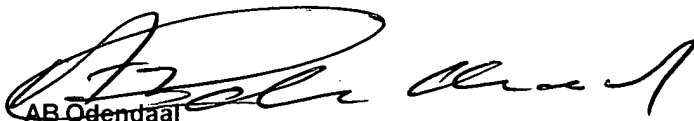
SUMO RESOURCES PLC

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

CORPORATE SOCIAL RESPONSIBILITY

The group is committed to contribute to social upliftment as the target areas for its projects are typically underdeveloped rural areas. Special emphasis is to be placed on clean drinking water, health, education and the use of renewable technologies.

This report was approved by the board on *18 June 2018* and signed on its behalf.


AB Odendaal
Director

SUMO RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £228,270 (2016 - £670,482).

A dividend of £Nil (2016 – £Nil) was recommended for the year.

Directors

The directors who served during the year were:

AB Odendaal
HA Claassen

Matters covered in the strategic report

The company has chosen in accordance with section 414C(11) to set out all information regarding future developments within the company's strategic report.

SUMO RESOURCES PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved have confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Fisher Michael Chartered Accountants, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on *18 June 2018* and signed on its behalf.



AB Odendaal
Director

SUMO RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUMO RESOURCES PLC

Opinion

We have audited the financial statements of Sumo Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017, and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SUMO RESOURCES PLC

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group Strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

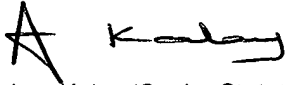
SUMO RESOURCES PLC

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.



Andrea Kaley (Senior Statutory Auditor) 18 June 2018

for and on behalf of
Fisher Michael Chartered Accountants

The Old Grange
Warren Estate
Lordship Road
Chelmsford
CM1 3WT
Date:

SUMO RESOURCES PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	191,090	-
Cost of sales		(119,215)	-
Gross profit		<u>71,875</u>	<u>-</u>
Administrative expenses		(309,272)	(696,643)
Operating loss	5	<u>(237,397)</u>	<u>(696,643)</u>
Tax		<u>(4,773)</u>	<u>-</u>
Loss after tax for the year		<u>(242,170)</u>	<u>(696,643)</u>
Loss for the year attributable to:			
Non-controlling interests		(35,540)	(45,479)
Owners of the parent		<u>(206,630)</u>	<u>(651,164)</u>
		<u>(242,170)</u>	<u>(696,643)</u>

The notes on pages 15 to 25 form part of these financial statements.

SUMO RESOURCES PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	£	£
Loss for the financial year	(242,170)	(696,643)
Other comprehensive income	<u> </u>	<u> </u>
Loss from foreign exchange	(33,561)	(19,318)
Other comprehensive income for the year	<u>(33,561)</u>	<u>(19,318)</u>
Total comprehensive income for the year	<u><u>(275,731)</u></u>	<u><u>(715,961)</u></u>
Loss for the year attributable to:		
Non-controlling interest	(35,540)	(45,479)
Owners of the parent Company	(206,630)	(651,164)
	<u>(242,170)</u>	<u>(696,643)</u>
Total comprehensive income attributable to:		
Non-controlling interest	(47,461)	(45,479)
Owners of the parent Company	(228,270)	(670,482)
	<u>(275,731)</u>	<u>(715,961)</u>

SUMO RESOURCES PLC

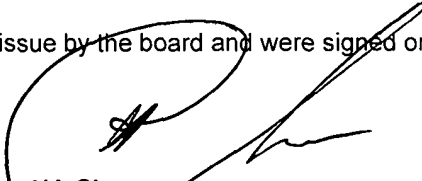
REGISTERED NUMBER: 08330294

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Intangible fixed asses	10		646,042		19,294
Tangible fixed assets	11		18,841		-
			<u>664,883</u>		<u>19,294</u>
Current assets					
Debtors: amounts falling due within one year	13	44,287		-	
Cash at at bank and in hand	14	245,827		564,185	
			<u>290,114</u>	<u>564,185</u>	
Creditors: amounts falling due within one year	15	(174,809)		(33,602)	
			<u>115,305</u>	<u>530,583</u>	
Net current (liabilities)/assets					
			<u>780,188</u>	<u>549,877</u>	
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	16		(506,042)		-
			<u>274,146</u>	<u>549,877</u>	
Net assets					
Capital and reserves					
Called up share capital	18		3,100,000		3,100,000
Non-Controlling interest			(104,358)		(56,897)
Profit and loss account	19		(2,721,496)		(2,493,226)
			<u>274,146</u>	<u>549,877</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


AB Odendaal
Director


HA Claasen
Director

Date: 18 June 2018

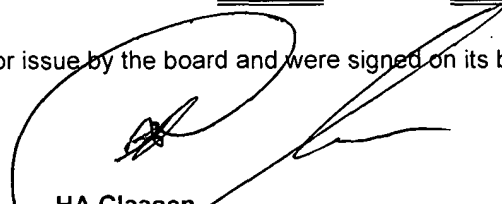
The notes on pages 15 to 25 form part of these financial statements

SUMO RESOURCES PLC
REGISTERED NUMBER: 08330294
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	£	2017 £	Restated 2016 £	£
Fixed assets					
Investments	12		494,390		500,000
			<u>494,390</u>		<u>500,000</u>
Current assets					
Debtors: amounts falling due within one year	13	20,613		21,820	
Debtors: amounts falling due after one year	13	574,305		574,305	
Cash at bank and in hand	14	21,562		170,590	
			<u>616,480</u>		<u>766,715</u>
Creditors: amounts falling due within one year	15	(8,645)		(8,645)	
			<u>607,835</u>		<u>758,070</u>
Net current assets			<u>607,835</u>		<u>758,070</u>
Total assets less current liabilities			1,102,225		1,258,070
Creditors: amounts falling due after more than one year	16		(364,540)		(364,540)
			<u>737,685</u>		<u>893,530</u>
Net assets			<u>737,685</u>		<u>893,530</u>
Capital and reserves					
Called up share capital	18		3,100,000		3,100,000
Profit and loss account	19		(2,362,315)		(2,206,470)
			<u>737,685</u>		<u>893,530</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


AB Odendaal
 Director


HA Claasen
 Director

Date: *18 Jun 2018*

The notes on pages 16 to 25 form part of these financial statements

SUMO RESOURCES PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non-controlling interests £	Total equity £
At 1 January 2017	3,100,000	(2,493,226)	606,774	(56,897)	549,877
Comprehensive income for the year					
Loss for the year	-	(206,630)	(206,630)	(35,540)	(242,170)
Loss from foreign exchange	-	(21,640)	(21,640)	(11,921)	(33,561)
Total comprehensive income for the year	-	(228,270)	(228,270)	(47,461)	(275,731)
At 31 December 2017	<u>3,100,000</u>	<u>(2,721,496)</u>	<u>378,504</u>	<u>(104,358)</u>	<u>274,146</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non-controlling interests £	Total equity £
At 1 January 2016	2,550,000	(1,822,744)	727,256	(11,418)	715,838
Comprehensive income for the year					
Loss for the year	-	(651,164)	(651,164)	(45,479)	(696,643)
Loss from foreign exchange	-	(19,318)	(19,318)	-	(19,318)
Total comprehensive income for the year	-	(670,482)	(670,482)	(45,479)	(715,961)
Shares issued during the year	550,000	-	550,000	-	550,000
At 31 December 2016	<u>3,100,000</u>	<u>(2,493,226)</u>	<u>606,774</u>	<u>(56,897)</u>	<u>549,877</u>

The notes on pages 16 to 25 form part of these financial statements.

SUMO RESOURCES PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	3,100,000	(2,206,470)	893,530
Comprehensive income for the year			
Loss for the year	-	(155,845)	(155,845)
Total comprehensive income for the year	-	(155,845)	(155,845)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	<u>3,100,000</u>	<u>(2,362,315)</u>	<u>737,685</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	2,550,000	(1,676,212)	873,788
Comprehensive income for the year			
Loss for the year	-	(530,258)	(530,258)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(530,258)	(530,258)
Shares issued during the year	550,000	-	550,000
	<hr/>	<hr/>	<hr/>
At 31 December 2016	<u>3,100,000</u>	<u>(2,206,470)</u>	<u>893,530</u>

The notes on pages 16 to 25 form part of these financial statements.

SUMO RESOURCES PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(237,397)	(696,643)
Adjustments for:		
Depreciation	2,488	-
Amortisation of intangible assets	53,958	-
Impairment of intangible assets	19,294	500,000
(Increase)/decrease in debtors	(44,287)	203,943
Increase in creditors	1,207	24,518
Taxation paid	(4,773)	-
Foreign exchange difference	(33,561)	(19,318)
Non cash government grant income	(53,958)	-
	<hr/>	<hr/>
Net cash generated from operating activities	(297,029)	12,500
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of tangible fixed assets	(21,329)	-
	<hr/>	<hr/>
Net cash from investing activities	(21,239)	-
	<hr/>	<hr/>
Cash flows from financing activities		
Issue of ordinary shares	-	550,000
	<hr/>	<hr/>
Net cash used in financing activities	-	550,000
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(318,358)	562,500
Cash and cash equivalents at beginning of year	564,185	1,685
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	245,827	564,185
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	245,827	564,185
	<hr/> <hr/>	<hr/> <hr/>

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Sumo Resources plc is a public company limited by shares, incorporated in England, United Kingdom. The address of the registered office and place of business is 5 Jupiter House, Calleva Park, Aldermaston, Reading, Berkshire, RG7 8NN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the group's management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Sumo Resources plc and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Sumo Resources plc is not presenting its own Profit and Loss Account.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2.4 Government grants

The Group receives government grants in respect of Licences. These grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the Group will comply with conditions attaching to them and the grants will be received using the accrual model.

2.5 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Group operates and generates income.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over its useful economic life.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Licences

Intangible assets are initially recognised at cost. The cost of the licences which are received through a government grant, is the fair value of the grant on the date it was received. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The estimated useful life of the licence is five years, amortisation will be provided on a straight line basis.

SUMO RESOURCES PLC
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2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	20%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the *Consolidated Statement of Comprehensive Income*.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors and loans receivable are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by deposits with financial institutions, there are no cash equivalents.

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the *Consolidated Profit and Loss Account*.

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying the accounting policies are detailed within the individual policies, they are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimate considered to be potentially material to the financial statements is in relation to the fair value of the government grant for research concessions.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017	2016
	£	£
Government grants	53,958	-
Sale of goods	137,132	-
	<u>191,090</u>	<u>-</u>

During the year the Group received government grants in the form of research concessions.

5. Operating profit/(loss)

The Group operating profit/(loss) is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	2,488	-
Impairment of intangible assets, including goodwill	19,294	500,000
Amortisation of intangible assets, including goodwill	53,958	-
	<u>75,740</u>	<u>500,000</u>

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
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6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>4,020</u>	<u>4,492</u>

7. Employees

	2017 £	2016 £
Wages and salaries	<u>51,589</u>	<u>19,096</u>
	<u>51,589</u>	<u>19,096</u>

The average number of employees during the year was 7 (2016: 3)

8. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	-
Foreign tax on income for the year	4,773	-
Total current tax	4,773	-

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
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9. Parent Company loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The loss after tax of the parent Company for the year was £155,845 (2016: £530,258).

10. Intangible assets

Group	Licences	Goodwill	Total
Cost	£	£	£
At 1 January 2017	-	610,935	610,935
Additions	700,000	-	700,000
	<hr/>	<hr/>	<hr/>
At 31 December 2017	700,000	610,935	1,310,935
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 January 2017	-	591,641	591,641
Amortisation	53,958	-	53,958
Impairment charge	-	19,294	19,294
	<hr/>	<hr/>	<hr/>
At 31 December 2017	53,958	610,935	664,893
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2017	646,042	-	646,042
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2016	-	19,294	19,294
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Licences have been valued by the Director; the estimation is based on the cost to replace the licences.

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Tangible Fixed assets

Group	Plant & Machinery
Cost	
At 1 January 2017	-
Additions	21,329
	<hr/>
At 31 December 2017	21,329
	<hr/>
Depreciation	
At 1 January 2017	-
Depreciation	2,488
	<hr/>
At 31 December 2017	2,488
	<hr/>
Net book value	
At 31 December 2017	18,841
	<hr/> <hr/>
At 31 December 2016	-
	<hr/> <hr/>

12. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Sumo Resources Ltd	Hong Kong	Ordinary	100%	Dormant
SR Tanmin Sarl	Democratic Republic of Congo	Ordinary	75%	Mining
Sumo Resources FZC	United Arab Emirates	Ordinary	100%	Minerals trading

The registered address of Sumo Resources Ltd is 65-67 Bonham Strand East, Sheung Wan, Hong Kong. The aggregate capital and reserves at 31 December 2017 was £363,844, the loss for the year ended 31 December 2017 was £Nil.

The registered address of SR Tanmin Sarl is 4 Avenue Du Marche, Gombe, Kinshasa, Democratic Republic of Congo. The aggregate capital and reserves at 31 December 2017 was (£398,712), the loss for the year ended 31 December 2017 was £173,128.

The registered address of Sumo Resources FZC is Business Centre, A1 Smookh Building, UAQ Free Trade Zone, Umm A1 Quwain, United Arab Emirates. The aggregate capital and reserves at 31 December 2017 was £65,719, the loss for the year ended 31 December 2017 was £38,399.

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Company				
	Investments in subsidiary Companies £			
Cost or valuation				
At 1 January 2017	2,507,500			
Additions	105,325			
	<hr/>			
At 31 December 2017	2,612,825			
	<hr/>			
Impairment				
At 1 January 2017	2,007,500			
Impairment charge	110,935			
	<hr/>			
At 31 December 2017	2,118,435			
	<hr/>			
Net book value				
At 31 December 2017	494,390			
	<hr/> <hr/>			
At 31 December 2016	500,000			
	<hr/> <hr/>			
13. Debtors				
	Group 2017 £	Group 2016 £	Company 2017 £	Restated Company 2016 £
Debtors: amounts falling due within one year:				
Other debtors	-	-	20,613	21,820
Prepayments and accrued income	44,287	-	-	-
Debtors: amounts falling due after one year:				
Amounts due from group undertakings	-	-	574,305	574,305
	<hr/>	<hr/>	<hr/>	<hr/>
	44,287	-	594,918	596,125
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
14. Cash and cash equivalents				
	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	245,827	564,185	21,562	170,590
	<hr/>	<hr/>	<hr/>	<hr/>
	245,827	564,185	21,562	170,590
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	439	439	-	-
Other creditors	25,725	24,518	-	-
Accruals and deferred income	148,645	8,645	8,645	8,645
	<u>174,809</u>	<u>33,602</u>	<u>8,645</u>	<u>8,645</u>

16. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts owed to group undertakings	-	-	364,540	364,540
Accruals and deferred income	506,042	-	-	-
	<u>506,042</u>	<u>-</u>	<u>364,540</u>	<u>364,540</u>

17. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	-	-	594,918	569,125
	<u>-</u>	<u>-</u>	<u>594,918</u>	<u>569,125</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(34,809)	(33,602)	(373,185)	(373,185)
	<u>(34,809)</u>	<u>(33,602)</u>	<u>(373,185)</u>	<u>(373,185)</u>

Financial assets that are debt instruments measured at amortised cost comprise amounts owed to group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise accruals, trade creditors, other creditors and amounts owed to group undertakings.

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18. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
31,000,000 Ordinary shares of £0.10 each	<u>3,100,000</u>	<u>3,100,000</u>

During the year Nil (2016: 5,500,000) ordinary shares were issued at par. The consideration received for these shares was £Nil (2016: £550,000).

The holders of the Ordinary shares are entitled to a single vote per share, and rights to distributions.

19. Reserves

Profit and loss account

The profit and loss account is a distributable reserve that comprises cumulative net profits and losses.

20. Transactions with directors

Included within other debtors for the Company is £20,613 (2016: £20,613) due from a Director. This amount is included within the other creditors balance for the Group of £25,725 (2016: £24,518). The balances are interest free and repayable on demand

21. Related party transactions

The company has taken advantage of exemptions available under paragraph 33.1A of FRS102 to not disclose related party transactions with wholly owned group entities.

During the year the director of the Company, made payments of £Nil (2016: £22,510) on behalf of the Company.

During the year the parent entity purchased 75% of the shares in SR Tanmin Sarl from Sumo Resources Ltd, a subsidiary entity. The shares were purchased at par.

The amounts paid to key management personnel in the year totalled £28,738 (2016: £Nil).