Annual Report
30 June 2022

ENVIRONMENTAL CARBON OFFSET

ENVIRONMENTAL CARBON OFFSET LIMITED

ACN 077 014 594

Contents

Corporate Directory

Directors
Simon Chesson (Director)
Jeanette Chesson (Director)
Daniel Chesson (Director)

Company Secretary
Simon Chesson

Registered Office
AustAsia House
412 Newcastle Street
West Perth WA 6005

PO Box 332
Leederville WA 6903

Telephone: 08 9227 6300
Facsimile: 08 9227 6400
Web: www.kiripark.com.au

Members of the Consolidated Group
Environmental Carbon Offset Limited
ACN 077 014 594

Environmental Forest Farms Management Pty Ltd
ACN 087 201 670

Powton Land Holdings Pty Ltd
ACN 087 201 652

Auditors
Armada Audit & Assurance Pty Ltd
18 Sangiorgio Court
Osborne Park WA 6017

Director’s Report

Your directors submit the financial report of the company for the financial year ended 30 June 2022.

Principal Business Activities

During the financial year ended, the ECO Group’s primary activity was the ownership of the Kiri Park property.

Directors

The names of the directors who held office during or since the end of the period are:

Simon JS Chesson
Jeanette M Chesson
Daniel Chesson

We advise that:

a) During the financial year ended 30 June 2021, the Group has accepted an offer to sell the Property at Regan’s Ford for an amount of $2,750,000 + GST;

b) The settlement took place on 22 September 2021;

c) Since 1 July 2021, a number of debts have been paid out.

d) A Shares buy-back offer was announced during last year Annual General Meeting and a number of shareholders have taken up the offer

The financials as at 30 June 2022 reflect the above events.

Directors Information

Simon Chesson
M.B.A (UWA), FCPA, CFP, B.Comm, C.S.M, F Fin
Director

Mr Simon Chesson has been awarded the degrees of Master of Business of Administration, and a Bachelor of Commerce. He is a qualified Certified Practicing Accountant, a qualified Certified Financial Planner, and a fellow of the Financial Services Institute of Australasia.

Mr Simon Chesson has over 20 years experience in business, accounting, and the property industry. He has extensive experience as a Director and company secretary of numerous public and private companies.

Mr Simon Chesson is also a Director of Environmental Carbon Offset Ltd, Environmental Forest Farms Management Pty Ltd, and Powton Land Holdings Pty Ltd.

Jeanette Chesson
Director

Mrs Chesson has over 30 years experience in the property and financial services industries. She is a Director of several private companies and has extensive experience in property syndication and the administration of property trusts

Daniel Chesson
Director
Appointed on 23 December 2019

Dan has over 16 years’ experience in investment banking, capital markets and development activities. He has been involved in more than $5 billion of transactions across a range of industries including energy, resources, renewable energy, property, agriculture and general industrials. In 2013, he co-founded Re.Group and sits on the Board of the Global Renewables Group and the RDT Group.

Dan’s focus is on the commercial aspects of the Group and its projects, including funding, legal and corporate affairs. He holds a BSc (Psych), a certificate in Executive Leadership (Cornell), an MBA and a Doctor of Business Administration. In both 2012 and 2013, Dan was ranked one of the top 10 investment bankers by the East Coles Survey (Australian based).

Director's Report

Directors' Meetings

During the year, the following meetings were held:

	No. of meetings eligible to attend	No. of meetings attended
Simon Chesson	1	1
Jeanette Chesson	1	1
Daniel Cheeson	1	1

Directors and Senior Executives Remuneration

Disclosure relating to Directors and Executive Officers' remuneration has been included in Note 15 of the Financial Report.

Indemnification and Insurance of Officers and Auditors

The Company has not, during or since the financial year, in respect of any person who is or has been an office or auditor of the Company or of a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings

Directors' Interests

The Directors' of the Company hold the following interest in fully paid ordinary shares and partly paid ordinary shares in the Company as at the date of this Report:

Fully Paid Ordinary Shares

	Direct Holding	Indirect Holding	Total
Daniel Chesson	Nil	36	36
Simon Chesson	Nil	69,022	69,022
Jeanette Chesson	Nil	89,824	89,824
Total	**Nil**	**158,882**	**158,882**

Directors' interests in contracts and related party transactions are detailed in Note 15 of the Financial Report.

Options

No options to acquire shares in the Company have been granted during this financial year and there were no options outstanding at the end of the financial year.

Employees

There were no employees of the Company during the year or at year end.

Rounding of Amounts

The amounts in the Financial Report and the Directors' Report have been rounded to the nearest dollar.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the end of financial period 30 June 2022.

This report is signed in accordance with a resolution of the Board of Directors.

Simon Chesson

Director

Perth, 24 November 2022

ARMADA
AUDITING

T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E info@armada.com.au

strength in numbers

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF ENVIRONMENTAL CARBON OFFSET LIMITED

I declare that, to the best of my knowledge and belief, during year ended 30 June 2022 there have been:

i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Armada Audit & Assurance

ARMADA AUDIT & ASSURANCE PTY LTD

Fu Zhenglei

ZHENGLEI FU

REGISTERED AUDITOR 491515

Dated this 24 November 2022 at Perth, Western Australia

FINANCIAL STATEMENT AND NOTES TO THE FINANCIAL STATEMENTS

Statement of Comprehensive Income

for the year ended 30 June 2022

	Notes	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
Revenue from Ordinary Activities			
Revenue and Other Income	2(a)	211	35,359
Administration Expenses	2(b)	(17,515)	(316,605)
Borrowing and Interest Expenses	2(c)	(7,093)	(65,189)
Profit/(Loss) from Ordinary Activities before Income Tax		**(24,398)**	**(346,435)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Net Loss on Revaluation		-	(244,850)
Decrease Value on Finished Goods		-	-
Items that may be reclassified subsequently to profit or loss:		-	-
Profit/(Loss) on sale of assets		(77,465)	55,000
Reversal of previously classified expenses & creditors		122,447	
Total Other Comprehensive Income/(Loss) of the Year		**44,982**	**(189,850)**
Income Tax (Expense) / Benefit	3	**-**	**-**
Net Profit / Loss for the Year		**20,584**	**(536,285)**
Net Profit / (Loss)			
Attributable to Members		20,584	(536,285)
Earnings Per Share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		0.07	(1.64)
Diluted earnings per share (cents)		-	-
From continuing operations:			
Basic earnings per share (cents)		-	-
Diluted earnings per share (cents)		-	-
Earnings per shares		**0.07**	**(1.64)**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2022

	Notes	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
Current Assets			
Cash and cash equivalents	4	69,930	59,388
Other financial assets	5	-	103
Non-Current Asset held for sale	6	-	2,750,000
Current Tax Asset	7	1,108	-
Total Current Assets		**71,038**	**2,809,491**
Total Assets		**71,038**	**2,809,491**
Current Liabilities			
Trade and other payables	8	1,364,224	2,453,682
Interest bearing liabilities	9	-	1,651,947
Tax Liabilities	10	-	8,621
Total Current Liabilities		**1,364,224**	**4,114,250**
Total Liabilities		**1,364,224**	**4,114,250**
Net Assets		**(1,293,186)**	**(1,304,759)**
Equity			
Contributed equity	11	5,638,592	5,647,603
Retained Earnings/(Accumulated loss)	12	(6,931,778)	(6,952,362)
Total Equity		**(1,293,186)**	**(1,304,759)**

The above statements of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2022

	Issued Capital			
	Fully Paid Ordinary	Retained Profits	Asset Revaluation	Total
	$	$	$	$
Balance as at 1 July 2020	5,647,603	(6,366,905)	105,601	(613,701)
Profit attributable to members of parent entity	-	(536,285)	-	(536,285)
Adjustment to retained earnings	-	(49,172)	(105,601)	(154,773)
Balance as at 30 June 2021	**5,647,603**	**(6,952,362)**	**-**	**(1,304,759)**
Balance as at 1 July 2021	5,647,603	(6,952,362)	-	(1,304,759)
Profit attributable to members of parent entity	-	20,584	-	20,584
Shareholders equity movement due to buy-backs	(9,011)	-	-	(9,011)
Balance as at 30 June 2022	**5,638,592**	**(6,931,778)**	**-**	**(1,293,186)**

The accompanying notes form part of these financial statements.

Statement of Cashflow

for the year ended 30 June 2022

	Notes	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
Cash Flows from Operating Activities			
Cash receipts from customers			93,912
Cash receipt from other activities		44,982	-
Cash payments to suppliers and employees		(1,113,963)	(24,731)
Net taxes (paid) / received		(9,729)	(43,603)
Interest received		211	1
Interest and costs of finance paid		-	(32,229)
Net Cash Provided by / (used in) Operating Activites	16	**(1,078,500)**	**(6,649)**
Cash Flows from Investing Activities			
Proceed for sale of property, plant and equipment		2,750,000	-
(Payment) of Shares buy-backs		(9,011)	-
Net Cash Provided by / (used in) Investing Activites		**2,740,989**	**-**
Cash Flows from Financing Activities			
Repayment of inter company loans		-	(7,407)
Proceeds/(Payments) from repayment of interest bearing liabilities		(1,651,947)	32,960
Net cash Provided by / (used in) Financing Activities		**(1,651,947)**	**25,553**
Net Increase / (Decrease) in Cash Held		10,542	18,903
Cash and cash equivalents at the beginning of financial year		59,388	40,485
Cash and Cash Equivalents at the End of Financial Year	4	**69,930**	**59,388**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statement

for the year ended 30 June 2022

1. Basis of preparation

These general purpose financial statements for financial period ended 30 June 2022 have been prepared in accordance with requirements of the Corporation Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board.

Accounting Standards

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, event and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report covers Environmental Carbon Offset Limited ("ECO") as an economic entity. ECO is an unlisted public company, incorporated and domiciled in Australia. Its registered office is located at AustAsia House, 412 Newcastle Street, West Perth WA 6005.

1a Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

As at 30 June 2022, the company has ceased trading and is no longer going concern. The only creditors left are director related liabilities.

1b Income Tax

The income tax expense (income) for the year comprise current income tax expenses (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (asset) are therefore measured at the amounts to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of as asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amounts of the related asset or liability.

Deferred tax asset relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exit in relation to investment in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can

Notes to the Financial Statement

for the year ended 30 June 2022

be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legal enforceable right of set-off and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1c Investment

Investments brought to account are at cost or at valuation. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amounts of the investments.

1d Interest and Dividends

Interest is brought to account in the profit and loss statement when earned. Dividends are brought to account in the profit and loss statement when received.

1e Non-Current Assets Held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Corporation's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Gains are not recognised in excess of any cumulative impairment loss. The fair value of non-current assets held for sale is based on market values (i.e. contracted sale price) less selling costs.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on a periodic, but at lease triennial, valuations by external independent valuations, less subsequent depreciation for buildings.

Any accumulated depreciation at the date the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

For this financial year, the property is carried at the contracted sale price, as set out in Note 6.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably during financial period in which they are incurred.

Notes to the Financial Statement

for the year ended 30 June 2022

Depreciation

The depreciation amount of all fixed assets including building and capitalized lease assets, but excluding freehold land, is depreciated on a straight line bases over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease of the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciation assets are:

Class of Fixed Assets	Depreciation Rate
Building	2%
Leasehold Improvements	4-5%
Plant and Equipment	5-33%
Plant and Equipment Leased to External Entities	10-20%
Leased Plant and Equipment	15%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1f Leases

AASB 16 Leases (AASB 16) introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability and classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows (AASB 107).

1g Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

1h Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Notes to the Financial Statement

for the year ended 30 June 2022

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement (Financial Liabilities)

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

The Company does not measure any financial liabilities at fair value through profit or loss.

Classification and Subsequent Measurement (Financial Assets)

Financial assets are subsequently measured at:

- amortised cost;
- air value through other comprehensive income (debt instruments)
- fair value through other comprehensive income (equity – no recycling); or
- fair value through profit or loss.

based on the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- payments of principal and interest on the principal amount outstanding on specified dates.

The Company only has financial assets that are measured at amortised cost including trade and other receivables and cash at bank (including term deposits).

Derecognition

Derecognition of Financial Liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of Financial Assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred.
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

Notes to the Financial Statement

for the year ended 30 June 2022

Impairment

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument. The Association uses the simplified approach to impairment, as applicable under AASB 9.

1i Impairment

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

At each reporting date, the group reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value, Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amounts of an individual asset, the group estimate that the recoverable amount of the cash generating unit to which the asset belongs.

1j Investment in Associates

Investment in associate companies are recognised in the financial statement by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

1k Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies that the project will deliver future economic benefits and these benefits can be measured reliably.

Development cost have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

1l Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The Company and the consolidated entity does not have revenue from contracts with customers, and as a result, AASB15 has no material impact on the financial report.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risk and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and service tax (GST).

Notes to the Financial Statement

for the year ended 30 June 2022

1m Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as income in the period in which they are incurred.

1n Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1o Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1p Receivables

Trade accounts receivables, amounts due from related parties and other receivables represent the principle amount due at balance date plus accrued interest and less, where applicable, any unearned income and provision for doubtful accounts.

1q Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1r Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employees benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows bonds with terms to maturity that match the expected timing of cash flows.

1s Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Notes to the Financial Statement

for the year ended 30 June 2022

	Consolidated Group	
	2022	2021
	$	$
2a Revenue and Other Income		
Profit / (loss) on sale of assets	-	-
Interest income	211	1
Other income	-	35,358
Rent income	-	-
Total revenue and other income	**211**	**35,359**

Revenue includes:

a) Other Interest income

2b Administration Expenses

Administration and corporate expenses	(14,505)	(14,653)
Bad debts and doubtful debts	-	(291,874)
Property expenses	(3,011)	(6,934)
Depreciation expenses	-	-
Other expenses	-	(3,144)
Total administration expenses	**(17,515)**	**(316,605)**

2c Finance Costs

Interest expenses	(7,093)	(65,189)
Total finance cost	**(7,093)**	**(65,189)**

The interest capitalised has been recognised, and is reflected in the financials accordingly.

3 Income Tax Expense

The prima facie income tax payable on operating profit/(loss) is reconciled to the income tax provided as follows:

Current Year Net Profit/(Loss)	20,584	-
Add back non-deductible Capital Loss	77,465	-
Net Taxable Income/(Loss)	98,050	
Application of carried forward tax loss from prior year	(98,050)	-
Income tax expense/(benefit) attributable to operating profit	**-**	**-**

As there are carried forward tax loss recognised, Financial year 2022 income tax is Nil.

Notes to the Financial Statement

for the year ended 30 June 2022

	Consolidated Group	
	2022	2021
	$	$
4 Cash and cash equivalent		
Cash and cash equivalents	69,930	59,388
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follow:		
Cash on hand	400	400
Cash at bank	69,530	58,988
Balance	**69,930**	**59,388**
5 Other Financial Assets		
Witholding tax	-	103
	-	**103**
6 Current Asset - Asset Hold for Sale		
Landholder		
Transfer from Property, Plant & Equipment	-	2,994,850
Revaluation	-	(244,850)
Total Property, Plant & Equipment	**-**	**2,750,000**
7 Tax Assets		
Current		
Provision for GST Receivables	1,108	-
Total Provision for GST Receivables	**1,108**	**-**
8 Payables		
Trade creditors	1,364,224	2,453,682
	1,364,224	**2,453,682**

Notes to the Financial Statement

for the year ended 30 June 2022

	Consolidated Group	
	2022	2021
	$	$
9 Interest Bearing Liabilities		
Current		
Interest Bearing Loans	-	743,477
Director Related Party Loan	-	908,470
	-	**1,651,947**
10 Tax Liabilities		
Current		
Provision for GST payable	-	8,621
	-	**8,621**
11 Contributed Equity		
Paid up capital		
ECO		
281,757 (2021: 326,811) Ordinary shares, fully paid	5,638,592	5,647,603
Redeemable convertible preference shares		
Nil (2021: Nil) Preference shares	-	-
	5,638,592	**5,647,603**
Movements during the year		
Balance at the beginning of the year	5,647,603	5,647,603
Shares buy-back offers		
45,054 (2021: Nil) Ordinary Shares	(9,011)	-
	5,638,592	**5,647,603**

As at 30 June 2022, the related party transactions between ECO and EFFM have been written off, as EFFM ceased trade.

PLH is a wholly owned subsidiary of PLH, and any inter entity transactions were finalised in the financial year ending 30 June 2022.

On 27 January 2022, Shareholders approved an equal access scheme share buy-back of up to 100% of each Shareholder's shares in the company at 20 cents per share.

Notes to the Financial Statement

for the year ended 30 June 2022

12 Retained Profits / (Accumulated Losses)

	Consolidated Group	
	2022	2021
	$	$
At the beginning of the year	(6,952,362)	(6,366,905)
Prior year adjustment to retained earnings	-	(49,172)
Dividend declared	-	-
Current earning	20,584	(536,285)
Retained Profit (Accumulated Losses) at End of Financial Year	**(6,931,778)**	**(6,952,362)**

13 Asset Revaluation Reserve

	2022	2021
Opening	-	105,601
Asset revaluation brought to Profit and Loss	-	(105,601)
	-	**-**

14 Investment in Related Entities

Names of Company	Principal Activities	Interest of Economic Entity		Bookvalue of Parent Entity Investment	
		2022	2021	2022	2021
Environmental Forest Farms Management Limited	Ceased Trade	100%	100%	-	-
Powton Land Holdings Limited	Land Owner	100%	100%	-	2,750,000
				-	**2,750,000**

15 Related Party Transaction

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties:

(i) Director Related Entities

Entities related to Mr Simon Chesson and Mrs Jeanette Chesson have not been paid any fees during the financial year ended 30 June 2022. A variety of expenses have not been charged, despite being normal fees and charges that should be charged, including but not limited to:

- Director Fees
- Company Secretarial Fees
- Annual Financials & Bookkeeping Fees
- Tax Return Fees
- Legal Fees for pursuing debtors for non payment of their debts

Parties related to the Directors have advised that they reserve their rights to charge those fees in due course.

Notes to the Financial Statement

for the year ended 30 June 2022

	Consolidated Group	
	2022	2021
	$	$
(ii) Loans from Related Parties		
Related Parties Loan	-	908,470
Liabilities included in Trade Creditors	1,364,224	2,453,682
Total	**1,364,224**	**3,362,152**

(iii) Director's Interests

Directors interests in shares have been disclosed in the Director's Report.

	Notes	Consolidated Group	
		2022	2021
		$	$

16 Reconciliation of Cash

Cash at the end of financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Notes	2022 $	2021 $
Opening Cash at bank	4	69,930	59,388
Reconciliation of Net Cash provided by Operating Activities to Profit/(Loss) from Ordinary Activities after Income Tax		-	-
Operating profit/(loss) from ordinary activities after income tax		20,584	(536,285)
Non Cash Flows in Operating Profit/(Loss)		-	536,724
Income Tax Credit		-	-
Changes in Assets and Liabilities			
(Increase)/decrease in receivables		103	3,554
Increase/(decrease) in accounts payable		(1,089,458)	-
Increase/(decrease) in other liabilities		-	25,554
Increase (decrease) in tax liabilities		(9,729)	(43,603)
Movement in intercompany balance		-	7,407
Net Cash provided by operating activities		**(1,078,500)**	**(6,649)**

Notes to the Financial Statement

for the year ended 30 June 2022

17 Financial Instruments Note

	Weighed Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-interesting Bearing		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Financial Assets										
Cash and stock	2.00%	2.00%	69,930	59,388	-	-	-	-	69,930	59,388
Receivable	0.00%	0.00%	1,108	-	-	-	-	103	1,108	103
Total Financial Assets			**71,038**	**59,388**	**-**	**-**	**-**	**103**	**71,308**	**59,491**
Financial Liabilities										
Account payable	0.00%	0.00%	-	-	-	1,216,591	1,364,224	2,453,682	1,364,224	3,670,273
Short Term Borrowings	9.00%	9.00%	-	-	-	435,355	-	-	-	435,355
Taxation	-	-	-	8,621	-	-	-	-	-	8,621
Total Financial Liabilities			**-**	**8,621**	**-**	**1,651,946**	**1,364,224**	**2,453,682**	**1,364,224**	**4,114,249**
Net Financial Assets			**71,038**	**50,767**	**-**	**(1,651,946)**	**(1,364,224)**	**(2,453,579)**	**(1,293,186)**	**(4,054,759)**

T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E info@armada.com.au

strength in numbers

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ENVIRONMENTAL CARBON OFFSET LIMITED

Opinion

We have audited the financial report of Environmental Carbon Offset Limited ("the Group") which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

As disclosed in Note 1a, the entity has ceased trading and therefore the financial report has not been prepared on a going concern basis of preparation. Our audit report is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The director's responsibility also includes such internal control as the directors determine

is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 this financial report.
A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of auditor's report.

Armada Audit & Assurance

ARMADA AUDIT & ASSURANCE PTY LTD

Fu Zhenglei

ZHENGLEI FU
Registered Auditor 491515
Perth, 24 November 2022

Directors’ Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 24:
   a. comply with Accounting Standard and the Corporations Act 2001; and
   b. give a true and fair view of the company’s financial position as at 30 June 2022, and of its performance for the year ended on that date.
2. In the directors’ opinion, there are reasonable grounds to believe that the company will be able to pay Its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Simon Chesson
Director

Perth, 24 November 2022

AustAsia House
412 Newcastle Street
West Perth WA 6005

PO Box 332
Leederville WA 6903

Telephone: (08) 9227 6300
Facsimile: (08) 9227 6400
Web: www.kiripark.com.au

Environmental Carbon Offset Limited
ACN 077 014 594