

# **CLIME PRIVATE LIMITED**

(ABN 89 614 090 309)

## **Annual Report For the financial year ended 30 June 2022**

### **Clime Private Limited**

Level 12, 20 Hunter Street  
Sydney NSW 2000  
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<https://clime.com.au/clime-private-limited/>

**GENERAL PURPOSE FINANCIAL REPORT**  
**30 June 2022**

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## DIRECTORS' REPORT

for the year ended 30 June 2022

Clime Private Limited

The directors present their report, together with the financial statements, on Clime Private Limited ("Clime Private" or "the Company") for the year ended 30 June 2022.

### Directors

The following persons were Directors of Clime Private Limited during the financial year and up to the date of this report, unless otherwise stated:

John Abernethy	-	Director and Chairman
Annick Donat	-	Director (appointed 27 September 2021)
Ronni Chalmers	-	Director (appointed 27 September 2021)
Brett Spork	-	Director (appointed 30 August 2021 resigned 27 September 2021)
Peter Beaumont	-	Director (resigned 27 September 2021)
Neil Schafer	-	Director (resigned 30 August 2021)

### Information on Directors

**Mr. John Abernethy** Director and Chairman

#### *Experience and expertise*

Mr. Abernethy has over 35 years' funds management experience in Australia having been General Manager Investments of the NRMA. Mr. Abernethy holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

#### *Directorships of other listed companies*

Mr. Abernethy is a Director of Clime Capital Limited, Clime Investment Management Limited and WAM Research Limited.

#### *Former listed company directorships in last 3 years*

Watermark Market Neutral Fund Limited, Watermark Global Limited, Australian Leaders Fund Limited and CBG Capital Limited.

#### *Special responsibilities*

None

#### *Interests in shares and options*

4,138,263 ordinary shares at the date of this report

**Ms. Annick Donat** Director (appointed 27 September 2021)

#### *Experience and expertise*

Ms. Donat has over 30 years' experience in senior leadership roles, most recently as Chief Executive Officer (CEO) of Clime Investment Management Limited (CIW). Prior to her role as CEO of CIW, Ms. Donat was the CEO of Madison Financial Group Pty Limited and Head of Licensee Development for BT Group Licensees (Westpac Banking Corporation). Ms. Donat has also held advisory and Director roles with not-for-profit organisations and industry associations.

#### *Directorships of other listed companies*

None

#### *Former listed company directorships in last 3 years*

None

#### *Special responsibilities*

None

#### *Interests in shares and options*

None at the date of this report

**Mr. Ronni Chalmers** Director (appointed 27 September 2021)

***Experience and expertise***

Mr. Ronni Chalmers has over 40 years' of Australian equities investment management experience. Mr. Chalmers began his career as a graduate at Bankers Trust Australia, rising to Associate Director during its rapid growth in the 1980s. After a decade at Bankers Trust, Mr. Chalmers left and subsequently held senior Portfolio Manager and Investment Manager roles with several funds management and insurance companies, before founding CBG Asset Management Limited in 2001. Mr. Chalmers has a Bachelor of Commerce from the University of New South Wales and is a Fellow of the Financial Services Institute of Australasia.

***Directorships of other listed companies***

Mr. Chalmers is a Director of Clime Investment Management Limited and Clime Capital Limited.

***Former listed company directorships in last 3 years***

CBG Capital Limited.

***Special responsibilities***

None

***Interests in shares and options***

14,500 ordinary shares at the date of this report

**Mr. Brett Spork** Director (appointed 30 August 2021 and resigned 27 September 2021)

***Experience and expertise***

Mr. Spork has extensive experience in the Funds Management, Banking and Financial Services sectors. Mr. Spork's previous roles include CEO of B.T.I. G., CEO of E\*Trade Australia and Executive Director with Macquarie Bank. Mr. Spork holds a Degree in Business from the Queensland University of Technology.

***Special responsibilities***

None

***Interests in shares and options***

Not applicable

**Mr. Peter Beaumont** Director (resigned 27 September 2021)

***Experience and expertise***

Mr. Beaumont has extensive experience in financial markets, public-private partnerships and consumer fintech lending. Mr. Beaumont holds a Bachelor of Science (Hons 1) from the University of Sydney and an MBA from the MIT-Sloan School of Management, Cambridge MA.

***Special responsibilities***

None

***Interests in shares and options***

Not applicable

**Mr. Neil Schafer** Director (resigned 30 August 2021)

***Experience and expertise***

Mr. Schafer has extensive experience in business strategy and execution, investment management, and banking and holds a First Class Honour's Degree in Applied Economics from the University of New England.

***Special responsibilities***

None

***Interests in shares and options***

Not applicable

### Meetings of directors

The following table sets out the number of Director's meeting held during the financial year and the number of meetings attended by each Director.

Director	Board of Directors	
	Eligible to attend	Attended
John Abernethy	2	2
Annick Donat	2	2
Ronni Chalmers	2	2
Brett Spork	-	-
Peter Beaumont	-	-
Neil Schafer	-	-

### Principal Activities

The Company's principal activity is the holding of its investments in Jasco Holdings Limited ("Jasco") on behalf of its investors.

Jasco is an unlisted public company that has been operating for 60 years. Jasco is a profitable, vertically integrated, arts materials supply company. The two key divisions are retail and wholesale suppliers. For further information about the Company please refer to Note 1 of the financial statements.

### Review of Operations

Profit for the year after income tax was \$775,658 (2021: \$927,451). The decrease is due to a lower profits generated by Jasco on account of a return to normal trading conditions following COVID, as well as the decrease in Company's shareholdings in Jasco from 21.17% as at 30 June 2021 to 20.79% as at 30 June 2022 on account of dilution in Company's holdings due to non- participation in the Jasco Dividend Reinvestment program.

### Dividends paid during the year

	2022 \$	2021 \$
0.28 cents per share (2021: 0.21 cents per share) franked to 100% at 30% (2021: franked to 100% at 30%) corporate income tax rate, final ordinary dividend paid during the year on 20 December 2021 in respect of the prior financial period	<b>140,770</b>	105,577
0.35 cents per share (2021: 0.175 cents per share) franked to 100% at 30% (2021: franked to 100% at 30%) corporate income tax rate, interim ordinary dividend paid during the year on 3 June 2022 in respect of the current financial year	<b>175,963</b>	87,982
<b>Total dividends paid</b>	<b>316,733</b>	193,559

Directors expect to declare a final dividend in November 2022 depending on the final dividend paid by Jasco for the last financial year.

### Subsequent Events

No matters or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the future financial periods.

### Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

### Shares under option and shares issued on the exercise of options

There were no unissued shares under options and there were no shares issued on the exercise of options during or after the financial year.

### Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## DIRECTORS' REPORT

for the year ended 30 June 2022

Clime Private Limited

### Rounding off of amounts

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report have been rounded to the nearest dollars.

### Insurance of officers and auditors

During the financial year, on behalf of the Company, Clime Investment Management Limited paid a premium for an insurance policy insuring all Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Directors or officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any of its controlled entities against a liability incurred by an officer or auditor.

### Proceedings on behalf of the Company

No person has applied for leave of Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the *Corporations Act 2001* and is signed for and on behalf of the directors by:



John Abernethy  
Chairman

Sydney, 20 October 2022

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201 Sussex Street  
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**Auditor's Independence Declaration  
To the Directors of Clime Private Limited  
ABN 89 614 090 309**

In relation to the independent audit of Clime Private Limited for the year ended 30 June 2022,  
to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act* 2001; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



**S M Whiddett**  
Partner

**Pitcher Partners**  
Sydney

20 October 2022

# Clime Private Limited

## Financial Statements

### 30 June 2022

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

for the year ended 30 June 2022

Clime Private Limited

	Note	2022 \$	2021 \$
Share of profit of associate accounted for using the equity method	4	785,456	922,277
Director fee from Jasco Holdings Limited		36,000	40,000
Interest income		155	74
Share registry fees		(18,100)	(15,494)
Audit fees		(14,891)	(14,300)
Taxation fees		(2,475)	(2,549)
Other operating expenses		(5,648)	(3,314)
Reversal of prior year over accruals		-	2,558
<b>Profit before income tax</b>		<b>780,497</b>	<b>929,252</b>
Income tax expense attributable to operating profit	7	(4,839)	(1,801)
<b>Profit for the year after income tax</b>		<b>775,658</b>	<b>927,451</b>
<b>Other comprehensive income</b>			
Share of other comprehensive loss of associate	4	(110,811)	(56,735)
<b>Total comprehensive income attributable to members of Clime Private Limited</b>		<b>664,847</b>	<b>870,716</b>
Earnings per share for profit attributable to the equity holders of the Company:			
Basic earnings per share	9(a)	1.54 cents	1.84 cents
Diluted earnings per share	9(b)	1.54 cents	1.84 cents

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2022

Clime Private Limited

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6(a)	69,991	60,406
Current tax asset		4,104	2,303
<b>Total Current Assets</b>		<b>74,095</b>	<b>62,709</b>
<b>Non-Current Asset</b>			
Investments accounted for using the equity method	4	9,460,281	9,126,387
Deferred tax asset		1,488	-
<b>Total Non-Current Assets</b>		<b>9,461,769</b>	<b>9,126,387</b>
<b>Total Assets</b>		<b>9,535,864</b>	<b>9,189,096</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		48,748	50,094
<b>Total Liabilities</b>		<b>48,748</b>	<b>50,094</b>
<b>Net Assets</b>		<b>9,487,116</b>	<b>9,139,002</b>
<b>EQUITY</b>			
Issued capital	8	7,807,933	7,807,933
Reserves		(40,102)	12,913
Retained earnings		1,719,285	1,318,156
<b>Total Equity</b>		<b>9,487,116</b>	<b>9,139,002</b>

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

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June 2022

Clime Private Limited

	Note	Issued capital \$	Other reserves \$	Retained earnings \$	Total \$
<b>Balance as at 30 June 2020</b>		<b>7,807,933</b>	<b>5,715</b>	<b>648,197</b>	<b>8,461,845</b>
Profit for the year after income tax		-	-	927,451	927,451
Other comprehensive/(loss) income for the year net of tax		-	7,198	(63,933)	(56,735)
<b>Total comprehensive income for the year net of tax</b>		-	7,198	863,518	870,716
<b>Transactions with equity holders in their capacity as equity holders:</b>					
- Dividends paid	5	-	-	(193,559)	(193,559)
<b>Balance as at 30 June 2021</b>		<b>7,807,933</b>	<b>12,913</b>	<b>1,318,156</b>	<b>9,139,002</b>
Profit for the year after income tax		-	-	775,658	775,658
Other comprehensive income/(loss) for the year net of tax		-	(53,015)	(57,796)	(110,811)
<b>Total comprehensive income for the year net of tax</b>		-	(53,015)	717,862	664,847
<b>Transactions with equity holders in their capacity as equity holders:</b>					
- Dividends paid	5	-	-	(316,733)	(316,733)
<b>Balance as at 30 June 2022</b>		<b>7,807,933</b>	<b>(40,102)</b>	<b>1,719,285</b>	<b>9,487,116</b>

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

**STATEMENT CASH FLOWS**

for the year ended 30 June 2022

Clime Private Limited

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends received from associate		340,751	191,672
Payment of operating expenses		(42,460)	(14,288)
Director fee received		36,000	50,000
Interest received		155	74
Income tax paid		(8,128)	(6,825)
<b>Net cash provided by operating activities</b>	6(b)	<u>326,318</u>	<u>220,633</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend payments		<u>(316,733)</u>	<u>(193,559)</u>
<b>Net cash used in financing activities</b>		<u>(316,733)</u>	<u>(193,559)</u>
<b>Net increase in cash and cash equivalents</b>		9,585	27,074
Cash and cash equivalents at beginning of the year		<u>60,406</u>	<u>33,332</u>
<b>Cash and cash equivalents at end of the year</b>	6(a)	<u>69,991</u>	<u>60,406</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

**1. Corporate information**

Clime Private Limited (“Clime Private” or the “Company”) was incorporated in Australia on 5 August 2016. The address of its registered office and principal place of business is Level 12, 20 Hunter Street, Sydney NSW 2000, Australia. The principal activity of the Company is the holding of its investments in Jasco Holdings Limited (“Jasco”) on behalf of its investors.

Jasco is a leading Australian art, design and craft materials wholesaler and distributor. Jasco is an unlisted public company that has been operating for over 60 years. Jasco is a profitable, vertically integrated, arts materials supply company. The two key divisions are retail and wholesale suppliers.

**Retail**

Jasco, through its Eckersley’s art and craft business (“Eckersley’s”) has 27 art supplies stores and four school supplies divisions across Australia. Eckersley’s provides artists, craft & design enthusiasts with the resources they need. The stores are located in major shopping locations and they supply artists, students and the general public. Eckersley’s fastest sales growth channel has been derived from online sales through its website [eckersleys.com.au](http://eckersleys.com.au). Eckersley’s supplies school children, art college and University students with their “recommended education kits”. The bulk of Eckersley’s sales are derived from selling products supplied by the Jasco wholesale division.

**Wholesale**

Jasco is a wholesaler of leading art and craft brands to its retailer clients. With over 100 local and international suppliers and a sales force across Australia, it represents a large range of brands in art supplies, design materials, crafting and more. Its mission is to provide the most innovative and highest quality art and design products; and to provide retail partners with full category solutions.

Jasco represents the world’s leading art brands in Australia and New Zealand, including:

- Winsor & Newton: The world’s leading brand of fine art materials with an unrivalled reputation for quality and reliability.
- Liquitex: The revolutionary pioneer of acrylics, making major contributions to the evolution of acrylic painting over the past 50 years.
- Conte a Paris: Used by the masters themselves, Conte a Paris high quality crayons, pastel pencils and drawing accessories have enriched art for more than a century.

In addition to art, design and craft materials, Jasco has a distribution alliance with ACCO brands to be the preferred distributor of the entire range of ACCO brands into the art and craft channel. The ACCO brands’ range offers a wide selection of commercial stationery, office equipment and technical drawing products. This distribution alliance brings powerful consumer recognised brands to both companies and provides efficiency within the Office Products and Art & Craft distribution channels.

Jasco distribution centres and headquarters are based in Sydney and Auckland, with national distribution and warehouse capabilities. The main distribution centre is located in St. Mary’s, west of Sydney, with 8,000m<sup>2</sup> of modern facilities, ensuring prompt service to its customers on a daily basis.

**2. Summary of significant accounting policies**

These general-purpose financial statements for the financial year ended 30 June 2022 have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of Company comply with International Financial Reporting Standards (‘IFRS’).

**2. Summary of significant accounting policies (cont.)***New and revised accounting standards effective during the reporting period*

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the Company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied throughout current period, unless otherwise stated.

**(a) Basis of preparation**

These financial statements are prepared in accordance with the historical cost convention, except for investments in associates accounted for using the equity method. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

*Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**(b) Investment in Associates**

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights and the power to participate in the financial and operating policy decisions of the entity. Investments in associates are accounted in the financial statements using the equity method of accounting, after initially being recognised at cost.

The Company's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in the statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from associates in the financial statements reduce the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

On 27 October 2016, CIW shareholders approved the separation of CIW's shareholdings in Jasco via Clime Private and in-specie distribution of Clime Private shares on a 1 on 1 basis to CIW shareholders by way of a capital reduction. The demerger was to simplify CIW's structure and to potentially unlock shareholder value. The distribution of Clime Private shares involved a reduction in CIW's paid up share capital (Contributed equity).

This demerger was completed on 11 November 2016.

As a result of this demerger, the carrying value of the Jasco investment of \$7,802,806 at the record date (3 November 2016) was de-recognised from CIW's book and was recorded in the statement of financial position of Clime Private. Following the de-merger, the Company is no longer part of CIW.

**2. Summary of significant accounting policies (cont.)****(b) Investment in Associates (cont.)**

It is the intention of the Directors of Clime Private to hold this investment on a long-term basis. As at 30 June 2022, Clime Private held approximately 20.79% (2021: 21.17%) of share capital in Jasco.

**(c) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of the amounts of goods and services tax paid, if any. Revenue is recognised for the major business activities as follows:

**(i) Services income**

Fees that relate to specific transactions or events are recognised as revenue in the period that the services are provided, and performance obligations are satisfied. When they are charged for services provided over a period, they are recognised as revenue on an accrual basis as the services are provided.

**(ii) Interest income**

Interest income is recorded in the statement of profit or loss and other comprehensive income when earned on an accruals basis using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

**(d) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and for unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

**(e) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**2. Summary of significant accounting policies (cont.)****(f) Dividends**

A liability is recorded for the amount of any dividend declared on or before the end of the period but not distributed at reporting date.

**(g) Earnings per share**

## Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

## Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to potential dilutive ordinary shares.

**(h) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(i) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance. To measure the expected credit losses, trade receivables have been grouped based on due dates.

Trade and other receivables are non-interest bearing and do not contain impaired assets and are not past due. The carrying amounts of trade and other receivables are considered to represent a reasonable approximation of their fair values.

**(j) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

The carrying amounts of trade and other payables are considered to represent a reasonable approximation of their fair values.

**(k) Issued capital**

Ordinary shares are classified as equity.

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



## NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2022

Clime Private Limited

### 2. Summary of significant accounting policies (cont.)

#### (l) Rounding off of amounts

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the financial statements have been rounded to the nearest dollars.

#### (m) New Accounting Standards and Interpretations for application in future periods

There are no new standards or interpretations applicable that would have a material impact for the Company.

### 3. Critical accounting estimates and judgements

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Company's financial statements.

#### Deferred tax assets and liabilities on equity accounted investments

The directors believe it to be inappropriate to recognise tax assets and liabilities in relation to the Company's equity accounted investment in Jasco Holdings Limited ("Jasco") on the basis that the Company is a long term investor and it is not anticipated that it will sell the investment in Jasco and thus incur a tax liability associated with the sale. Should individual investors wish to realise their investment in Jasco they have the ability to do so by selling their shares in Clime Private Limited.

The directors believe that this accounting treatment is consistent with the recognition and measurement criteria in AASB 112 Income Taxes.

### 4. Investment in associate accounted for using equity method

	2022 \$	2021 \$
Investment in associate	<u>9,460,281</u>	<u>9,126,387</u>

#### (a) Carrying amounts

Name of Companies	Principal Activity	Share Holding		Carrying amounts	
		2022 %	2021 %	2022 \$	2021 \$
<i>Unlisted</i>					
Jasco Holdings Ltd (i)	Importing and distribution of art and craft materials	20.79	21.17	9,460,281	9,126,387

The above associate is incorporated in Australia

## NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2022

Clime Private Limited

### 4. Investment in associate accounted for using equity method

#### (i) Jasco Holdings Limited

Jasco Holdings Limited (Jasco) is in the business of importing and distribution of art and craft materials and retailing of art and craft materials. More details of Jasco's business can be found in Note 1.

#### (b) Movements in carrying amounts

	2022 \$	2021 \$
Carrying amount at the beginning of the financial year	9,126,387	8,452,517
Share of profit after income tax	785,456	922,277
Share of change in defined benefit plan	(57,796)	(63,933)
Share of change in reserves	(53,015)	7,198
Dividends received	(340,751)	(191,672)
Carrying amount at the end of the financial year	9,460,281	9,126,387
<b>Associate</b>		
Share of net profit of associate before income tax	1,122,080	1,317,539
Share of income tax expense	(336,624)	(395,262)
Share of profit after income tax	785,456	922,277

#### (c) Summarised financial information of associate

Summarised financial information in respect of the Company's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements for the year ended 30 June 2022 and 30 June 2021, prepared in accordance with Australian Accounting Standards.

#### Summarised statement of financial position

	2022 \$'000	2021 \$'000
Current assets	33,630	31,486
Non-current assets	40,784	42,756
Total assets	74,414	74,242
Current liabilities	24,225	25,621
Non-current liabilities	4,685	5,511
Total liabilities	28,910	31,132
Net assets	45,504	43,110

#### Summarised statement of profit or loss and other comprehensive income

	2022 \$'000	2021 \$'000
Revenue	63,619	67,704
Expenses	(57,847)	(60,471)
Profit before income tax	5,772	7,233
Income tax expense	(1,678)	(2,197)
Profit after income tax	4,094	5,036
Other comprehensive (loss)/income	(534)	(268)
Total comprehensive income	3,560	4,768

#### Contingent liabilities and commitments

	2022 \$'000	2021 \$'000
Share of bank guarantee	9	10
Share of lease guarantee	114	293
Share of potential withholding tax liabilities	335	312
Share of capital commitments	94	-

## NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2022

Clime Private Limited

### 5. Dividends

<b>(a) Dividends paid during the year/period</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
0.28 cents per share (2021: 0.21 cents per share) franked to 100% at 30% (2021: franked to 100% at 30%) corporate income tax rate, final ordinary dividend paid during the year on 20 December 2021 in respect of the prior financial period	<b>140,770</b>	105,577
0.35 cents per share (2021: 0.175 cents per share) franked to 100% at 30% (2021: franked to 100% at 30%) corporate income tax rate, interim ordinary dividend paid during the year on 3 June 2022 in respect of the current financial year	<b>175,963</b>	87,982
<b>Total dividends paid</b>	<b>316,733</b>	<b>193,559</b>

Directors expect to declare a final dividend in November 2022 depending on the final dividend paid by Jasco for the last financial year.

#### **(a) Franking account balance**

Amount of franking credits available for subsequent financial years	<b>20,977</b>	1,683
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### 6. Statement of cash flows

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of cash</b>		
For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:		
- Cash and bank balances	<b>69,991</b>	60,406

Cash at bank is interest bearing. Cash at bank bear floating interest rates at approximately 0.1%.

#### **(b) Reconciliation of profit for the year to net cash flows from operating activities:**

Profit for the year	<b>775,658</b>	927,451
<b>Adjustment for:</b>		
Share of profit of associate	<b>(785,456)</b>	(922,277)
Dividends received from associate	<b>340,751</b>	191,672
<b>Change in operating assets and liabilities:</b>		
Trade and other receivables	-	10,000
Trade and other payables	<b>(1,346)</b>	18,811
Provision for income tax	<b>(3,289)</b>	(5,024)
Net cash provided by operating activities	<b>326,318</b>	220,633

## NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2022

Clime Private Limited

### 7. Income tax expense

#### (a) Income tax expense

	2022 \$	2021 \$
Current tax	6,327	1,801
Deferred tax	(1,488)	-
	<u>4,839</u>	<u>1,801</u>

Deferred income tax expense included in income tax expense comprises:

Increase in deferred tax assets	<u>1,488</u>	-
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#### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	2022 \$	2021 \$
Profit before income tax	<u>780,497</u>	<u>929,252</u>
Tax at the Australian tax rate of 30% (2021: 30%)	234,149	278,775
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Income not subject to tax	(235,636)	(276,683)
- Under/(over) provision of prior year tax	6,326	(291)
Income tax expense	<u>4,839</u>	<u>1,801</u>

### 8. Issued Capital

	30 June 2022 Number	30 June 2021 Number	30 June 2022 \$	30 June 2021 \$
Opening balance	50,275,000	50,275,000	7,807,933	7,807,933
Issue of ordinary shares	-	-	-	-
Closing balance	<u>50,275,000</u>	<u>50,275,000</u>	<u>7,807,933</u>	<u>7,807,933</u>

#### Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

## NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2022

Clime Private Limited

### 9. Earnings per share

	2022 Cents	2021 Cents
<b>(a) Basic earnings per share</b>		
Profit attributable to the ordinary equity holders of the Company	<u>1.54</u>	<u>1.84</u>
<b>(b) Diluted earnings per share</b>		
Profit attributable to the ordinary equity holders of the Company	<u>1.54</u>	<u>1.84</u>
<b>(c) Reconciliations of earnings used in calculating earnings per share</b> <i>Basic and diluted earnings per share</i>		
Profit for the period attributable to owners of the Company	<u>\$775,658</u>	<u>\$927,451</u>
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	<u>\$775,658</u>	<u>\$927,451</u>
<b>(d) Weighted average number of shares used as the denominator</b>		
	2022 Number	2021 Number
Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>50,275,000</u>	<u>50,275,000</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>50,275,000</u>	<u>50,275,000</u>

### 10. Segment information

Due to the nature of the Company's operations and current size of the Company, for management reporting purposes, the chief operating decision makers (being the Board of Directors) currently consider and report on the Company's operating results and financial position as one reportable operating segment. Refer to the statement of profit or loss and other comprehensive income for the Company's results.

### 11. Subsequent events

No matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

### 12. Contingent liabilities and commitments

The Company had no contingent liabilities or commitments as at 30 June 2022 (2021: Nil).

**13. Financial risk management**

The Company's activities expose it to various direct and indirect financial risks, including market risk, interest rate risk, credit risk, liquidity risk and fair values.

Risk management is carried out by Directors under policies and strategies approved by the Board. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**(a) Interest risk**

The Company is exposed to interest rate risk because at balance date, the Company has some assets held in interest-bearing bank accounts. However, the exposure to interest rate risk is insignificant given that the Company's interest-bearing assets are held with reputable banks to ensure the Company obtain competitive rates of return while providing sufficient liquidity to meet cash flow requirements.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

*(i) Cash and cash equivalents*

The maximum credit risk of the Company in relation to cash and cash equivalents is the carrying amount and any accrued unpaid interest. The average weighted maturity of the cash portfolio at any given time is no greater than 90 days. All financial assets that are not impaired or past due are of good credit quality.

*(ii) Trade and other receivables*

The maximum credit risk of the Company in relation to trade and other receivables is their carrying amounts.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash. The Company's Board actively reviews the liquidity position on a regular basis to ensure the Company is always in a position to meet its debts and commitments on a timely basis.

*Maturities of financial liabilities*

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is liable to meet its obligations. The table includes both interest (where applicable) and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

<b>Maturity analysis – 2022</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 6 months</b>	<b>6 – 12 months</b>	<b>1-3 years</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial liabilities</b>					
Trade and other payables	<b>48,748</b>	<b>48,748</b>	<b>48,748</b>	-	-
Total financial liabilities	<b>48,748</b>	<b>48,748</b>	<b>48,748</b>	-	-

<b>Maturity analysis – 2021</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 6 months</b>	<b>6 – 12 months</b>	<b>1-3 years</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial liabilities</b>					
Trade and other payables	50,094	50,094	50,094	-	-
Total financial liabilities	50,094	50,094	50,094	-	-

**(d) Market and fair value risk**

The Company was exposed to insignificant market and fair value risk as at period end.

## NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2022

Clime Private Limited

### 14. Key management personnel disclosure

#### (a) Remuneration of Directors

The Company does not have any key management personnel other than the Directors.

#### (b) Equity instrument disclosures relating to Directors

##### (i) Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration to Directors.

##### (ii) Share holdings

The numbers of shares in the Company held during the year by each Director of the Company, including their personally-related entities, are set out below.

#### Directors' holding of ordinary shares in Clime Private Limited - 2022

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
	Number	Number	Number
Mr. John Abernethy	4,118,263	20,000	4,138,263
Ms. Annick Donat	-	-	-
Mr. Ronni Chalmers	-	2,500	2,500
Mr. Brett Spork*	35,000	(35,000)	-
Mr. Peter Beaumont*	-	-	-
Mr. Neil Schafer**	548,007	(548,007)	-

Ms. Annick Donat and Mr. Ronni Chalmers commenced the position as Director on 27 September 2021.

\* Mr. Brett Spork and Mr. Peter Beaumont resigned the position as Director on 27 September 2021.

\*\* Mr. Neil Schafer resigned his position as Director on 30 August 2021.

2021 Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
	Number	Number	Number
Mr. John Abernethy	4,118,263	-	4,118,263
Mr. Brett Spork	35,000	-	35,000
Mr. Peter Beaumont	-	-	-
Mr. Neil Schafer	548,007	-	548,007
Mr. Donald McLay*	6,623,168	(6,623,168)	-
Mr. Rod Bristow	-	-	-

\* Mr. Donald McLay resigned his position as Chairman on 13 November 2020.

### 15. Related party transactions

All transactions with related entities were made on normal commercial terms and conditions no more favourable than transactions with other parties unless otherwise stated. Details of transactions between the Company and other related parties are disclosed below.

#### (a) Associate

(i) The Company charged Jasco, the associated company, a director fee of \$36,000 (2021: \$40,000).

(ii) As at 30 June 2022, Jasco holds 5,709,305 (June 2021: Nil) shares, 11.36% (2021: Nil) interest in Clime Private Limited.

Other interests in associate are set out in Note 4.

#### (b) Other related parties

The Company paid Clime Investment Management Limited an amount of \$2,000 (2021: Nil) for providing accounting support.

#### (b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 14.

## NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2022

Clime Private Limited

The Directors declare that:

- (a) In the directors' opinion, the attached financial statements and notes thereto, as set out on pages 6 to 21, are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and giving a true and fair view of the financial position and performance of the Company;
- (b) in the director's 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; and
- (c) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2 to the financial statements.

Signed in accordance with a resolution of the Board of Directors made pursuant to S295 (5) of the *Corporations Act 2001*.

On behalf of the Directors



John Abernethy  
Director

Sydney, 20 October 2022



**Independent Auditor's Report  
To the Members of Clime Private Limited  
ABN 89 614 090 309**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Clime Private Limited ("the Company"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows 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:

- a) the accompanying financial report of Clime Private Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2 Basis of preparation

*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 (including Independence Standards)* ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

### *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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls 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 the 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

*Auditor's Responsibilities for the Audit of the Financial Report (Continued)*

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



**S M WHIDDETT**  
Partner

20 October 2022



**PITCHER PARTNERS**  
Sydney