



EURO LIBERIA LOGGING CO

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CONTENTS	PAGE
GENERAL INFORMATION	1
AUDITOR'S REPORT	2-
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	10



GENERAL INFORMATION

REGISTERED OFFICE : CONGO TOWN, OLD ROAD

GENERAL MANAGER : MR. JIHAD Y. AKKARI

BANKER : UNITED BANK FOR AFRICALIBERIA(UBA)

LEGAL COUNSEL : JUSTICS ADVOCATES & PARTNERS, INC.

AUDITOR: : BAKER TILLY LIBERIA

**To: The Board of Directors and Shareholders
EURO LIBERIA LOGGING CO.**

info@bakertillyliberia.com
www.bakertillyliberia.com

Auditor's report

Opinion

We have audited the financial statements of Euro Liberia Logging Co. also referred as "the Company", which comprise the balance sheet as at December 31, 2024, statement of income, expenses and retained earnings and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Euro Liberia Logging Co. as at December 31, 2024 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP) and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised.

Other matter

The financial statements of Euro Liberia Logging Co as of December 31, 2022, were compiled by the Euro Liberia Logging Co and no opinion was expressed on those statements. Baker Tilly Liberia did not audit the financial statements of Euro Liberia Logging Co. for previous year and therefore expresses no opinion on those statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Liberia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management of the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with US Generally Accepted Accounting Principles (GAAP) and in the manner required by the Association's Law Title 5 of the Liberian Code of Laws Revised and for such control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 management.
- Conclude on the appropriateness of management's 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 statements 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 statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

In accordance with the provisions of Association's Law Title 5 of the Liberian Code of Laws Revised, we also report that:

- I. We have obtained all the information and explanations we have required, and
- II. Books of accounts have been maintained by Euro Liberia Logging Co. as required by Section 8 of Association's Law Title 5 of the Liberian Code of Laws Revised.

A handwritten signature in black ink that reads "Baker Tilly Liberia". The script is cursive and fluid.

(Certified Public Accountants)

March 31, 2024

Monrovia

STATEMENT OF FINANCIAL POSITION

Balance Sheet

		2023	2022
	Notes	<u>US\$</u>	<u>US\$</u>
ASSETS			
Cash	2	801,908	137,572
Accounts Receivable	3	3,608,750	2,391,748
Inventories	4	1,080,000	985,000
Investment / Forest Valuation	5	71,868,085	71,868,085
Fixed Assets	6	<u>3,023,931</u>	<u>2,406,923</u>
TOTAL ASSETS		<u>80,382,673</u>	<u>77,789,328</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities	7	<u>846,624</u>	<u>8,689,477</u>
Total Liabilities		<u>846,624</u>	<u>8,689,477</u>
Due to Directors		43,383,460	32,497,505
Capital Stock	8	63,084,336	63,084,336
Retained Earnings		<u>(27,585,557)</u>	<u>(26,481,990)</u>
Total Shareholders' Equity		<u>35,498,779</u>	<u>36,602,346</u>
TOTAL LIABILITIES & EQUITY		<u>80,382,673</u>	<u>77,789,328</u>

Statements of Income, Expenses, and Retained Earnings

	<i>Note</i>	2023 <u>US\$</u>	2022 <u>US\$</u>
INCOME	9	6,220,870	4,157,788
Operating Expenses	10	(5,800,334)	(7,692,858)
Depreciation	6	<u>(1,524,103)</u>	<u>(1,074,486)</u>
Net (Loss) / Profit after Corporate Tax		<u>(1,103,567)</u>	<u>(4,609,556)</u>

	Capital	Retained Earnings	Total
Description	US\$	US\$	US\$
1-Jan-22	63,084,336	(21,872,434)	41,211,902
Operation Result		(4,609,556)	(4,609,556)
31-Dec-22	63,084,336	(26,481,990)	36,602,346
1-Jan-23	63,084,336	(26,481,990)	36,602,346
Operation Result		(1,103,567)	(1,103,567)
31-Dec-23	63,084,336	(27,585,557)	35,498,779

STATEMENTS OF CASH FLOWS

	2023	2022
	<u>US\$</u>	<u>US\$</u>
OPERATING ACTIVITIES		
Net Income	(1,103,567)	(4,609,556)
Depreciation	1,524,103	2,726,869
Net Income before Working Capital Changed	<u>420,536</u>	<u>(1,882,687)</u>
(Decr.)/Incr in Receivables & Prepayments	(1,217,002)	-
Decr. (Incr.) / (Incr.) in Inventories	(94,999)	
Increase/ (Decrease) in Accounts Payable	(40,340,358)	-
Total Adjustment	<u>(41,652,359)</u>	
Net Cash from Operating Activates	<u>(41,231,823)</u>	<u>(1,882,687)</u>
INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>(2,141,110)</u>	<u>266,272</u>
FINANCING ACTIVITIES		
Due from Directors	<u>44,037,270</u>	<u>1,615,101</u>
Net cash increase for the period	664,335	(1,315)
Cash at beginning of the period	<u>137,572</u>	<u>138,887</u>
Cash at End of the period	<u>801,908</u>	<u>137,572</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Euro Logging Liberia is a private company that was incorporated in Liberia on June 14, 2007, with the goal is to Logging.

The addresses of the registered office and the principal places of business is at the Monstere, Congo Town, 1000 Liberia 10 West Africa. The financial statement of the Company is as of December 31, 2023.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Euro Logging Liberia has a 25 years Concession Agreement with the Government of Liberia to operate in Grand Gedeh and River Gee Counties from September 17, 2009 – September 16, 2034 under the regulation of Forestry Development Authority. ELLC has an Offices in Monrovia and on site in Grand Gedeh County.

2. Basis of preparation (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Generally Accepted Accounting Principles ("GAAP") issued by the Financial Accounting Standards Board ("the FASB").

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for the asset.

(c) Functional and presentation currency

Elements included in the financial statements are measured using the United States and Liberian Dollars. All transactions involving Liberian Dollars Currency were converted at the prevailing market rate presented in the financial statement. The currency of the primary economic environment in which the Corporation operates (the functional currency) are the Liberian and US dollars. The financial statements are presented in United States Dollars, which is the Company's functional and reporting currency.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the Balance Sheet and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates.

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Should the situation demand, it is the policy of management to reclassify certain comparative amounts to conform to the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS- (continued) (a) Foreign Currency transactions and translation

The financial statements are presented in United States Dollars, which is the company's functional currency. Transactions in foreign currencies are initially recorded by the entity at the functional currency exchange rates prevailing at the dates of the transactions, as published by the Central Bank of Liberia (CBL). Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in other comprehensive income until the disposal of the net investment, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(b) Property, Plant & Equipment**(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and for qualifying assets, borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. The capitalized value of finance lease is also included within property, plant & equipment. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

(iii) Depreciation

Depreciation of property, plant & equipment is calculated to write off the cost or valuation over the estimated useful lives of the assets on a straight-line basis. Property, plant & equipment are depreciated from the month in which the asset becomes available for use in the location and condition for it to be operating in the manner intended by management.

(c) Financial instruments**(i) Financial assets**

The entity determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, directly attributable transaction costs. The entity's financial assets include cash on hand and cash in bank.

NOTES TO THE FINANCIAL STATEMENTS- (continued)

(d) Cash and Bank

Cash and bank in the Balance Sheet comprise cash on hand and bank balances held with financial institutions. For the purpose of the statement of cash flows, cash and bank are reported net of outstanding bank overdrafts.

(e) Taxes

Current income tax

Current income taxes are measured at the amount expected to be paid to the taxing authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognized directly in equity and is recognized in equity and not in the statement of comprehensive income.

(f) Revenue Measurement

Revenue from Consultancy service is measured at the fair value of the consideration received. The amount of revenue arising on service transactions is determined by agreement between the company and its Client.

Recognition

Revenue from Environmental Consultancy service is recognized as received but based on the element stated in the measurement paragraph above.

Notes		2023	2022
		<u>US\$</u>	<u>US\$</u>
2	Cash	<u>801,908</u>	<u>137,572</u>
	Total Cash	<u>801,908</u>	<u>137,572</u>
3	ACCOUNTS RECEIVABLE		
	Trade Receivables	2,910,444	2,073,333
	Loan to Jihad	318,415	318,415
	Other Receivable	117,242	
	Prepaid Tax	<u>262,648</u>	
	Total	<u>3,608,750</u>	<u>2,391,748</u>
4	INVENTORY		
	Logs	<u>1,080,000</u>	<u>985,000</u>
5	INVESTMENT / Forest Valuation	<u>71,868,085</u>	<u>71,868,085</u>

6	FIXED ASSETS	Furniture & Equipment	Office Equipment	Motor Vehicle	CAT 14G	Sawmill & Accessors	Motor & Trucks	Total
	<u>COST</u>							
	Balance Jan. 1, 2023	96,209	76,400	240,000	1,481,111	2,481,111	1,240,555	5,615,386
	Additions	-	<u>87,906</u>	<u>279,263</u>	<u>86,841</u>	<u>759,682</u>	<u>927,417</u>	<u>2,141,110</u>
	Disposal			-				
	Balance Dec. 31, 2023	<u>96,209</u>	<u>164,306</u>	<u>519,263</u>	<u>1,567,952</u>	<u>3,240,793</u>	<u>2,167,973</u>	<u>7,756,497</u>
	<u>DEPRECIATION</u>							
	Balance Jan. 1, 2023	39,500	46,400	210,000	255,000	2,081,111	576,452	3,208,463
	Charge for the year	<u>15,000</u>	<u>25,000</u>	<u>104,821</u>	<u>104,821</u>	<u>969,641</u>	<u>304,821</u>	<u>1,524,103</u>
	Disposal							
	Balance Dec. 31, 2023	<u>54,500</u>	<u>71,400</u>	<u>314,821</u>	<u>359,821</u>	<u>3,050,752</u>	<u>881,273</u>	<u>4,732,566</u>
	NET BOOK VALUE							
	31-Dec-23	<u>41,709</u>	<u>92,906</u>	<u>204,443</u>	<u>1,208,131</u>	<u>190,041</u>	<u>1,286,700</u>	<u>3,023,931</u>
	31-Dec-22	<u>56,709</u>	<u>30,000</u>	<u>30,000</u>	<u>1,226,111</u>	<u>400,000</u>	<u>664,103</u>	<u>2,406,923</u>

ACCOUNTS PAYABLE

		2023	2022
		<u>US\$</u>	<u>US\$</u>
7	Trade Payable	537,469	388,659
	Statutory Payable	<u>309,155</u>	<u>8,300,818</u>
	Total Liabilities	<u>846,624</u>	<u>41,186,982</u>
8	SHARE CAPITAL	<u>63,084,336</u>	<u>63084336</u>
9	SALE OF LOGS	<u>6,220,870</u>	<u>4,157,788</u>
	TOTAL SALE	<u>6,220,870</u>	<u>4,157,788</u>

ADMIN. & GEN. EXPENSES

10			
	Salaries	326,325	697,750
	Communication	5,412	6,282
	Tax Expenses	2,000,000	857,119
	Spare Parts	739,393	896,612
	Repair and Maintenance	100,050	76,777
	Permit	21,770	19,145
	Legal and Professional Fees	27,875	20,200
	Logging Operation	1,271,851	1,347,168
	Rent Expense	59,321	51,981
	Consumable	45,763	31,194
	Taxes	0	1,264,442
	Transportation	88,360	36,039
	Other Expenses	1,069,097	2,361,824.00
	Travel Expenses	28,115	17,968
	Bank Charges	<u>17,001</u>	<u>8,356.81</u>
		<u>5,800,334</u>	<u>7,692,858</u>

11. Contingent Liabilities

The Company has no contingent liabilities that it is due to be settled in the foreseeable future as a result of transactions or events that took place during this year.

12. Capital Commitments

There are no outstanding capital commitments that the Company has to settle in the foreseeable future that were incurred because of transactions or events that occurred during this year.

13. Subsequent Events

There are no Post Balance Sheet Events that may have significant effects on the financial statements as at December 31, 2023.

14. Going Concern

Management has assumed and demonstrated that the Company is a going concern. Management has assessed the Company's ability to continue as a going concern and has no reason to believe that the Company will not be a going concern in the year ahead.