CAC
AIR CONDITIONING & ENERGY SOLUTIONS EXPERTS

Engineering Solutions

IMPROVING LIVES.

2020 ANNUAL REPORT

Contents

PURPOSE

Improving People's Lives

VISION

Excelling as the leading experts on energy and indoor environmental quality.

MISSION

To engineer solutions and provide products and services that sustain healthy, comfortable and productive indoor environments.

VALUES

1. ACCURACY
2. WELLBEING: Life Balance & commitment
3. EXCELLENCE & ENTHUSIASM
4. TECHNICAL EXPERTISE & TEAMWORK
5. RESPECT
6. INTEGRITY & INNOVATION
7. PROBLEM SOLVING

CAC 2000 Limited (CAC) is an engineering company focused on Energy and Indoor Environmental Quality and the distribution, installation and servicing of Energy Efficient Air Conditioning Systems.

We are the succession of a number of businesses starting with Webster's Engineering in the late 1920's. In the mid-1960s, the ICD Group bought Conditionedair Corporation and merged it with another company to form Conditionedair and Associated Contractors, or "CAC" for short. CAC was later merged into the iconic "Homelectrix", which was a household name in Jamaica for many years. When Homelectrix was sold in the early 1990s, the management team purchased 49% of the newly formed Conditionedair and Associated Contractors. On July 24th, 2000 the Company was incorporated, and the remaining 51% was purchased on August 18th, 2000, and that is the Genesis of the Company's name: "CAC 2000 Limited".

By virtue of the various iterations of the business, we have been the sole appointed representative for Carrier®, world leaders in air conditioning technology, in Jamaica since 1929. Although the Company is predominantly a Carrier® dealer, we have expanded our portfolio to offer other premium equipment brands such as Mitsubishi Electric®, LG®, Fujitsu® and CIAC® as well as both factory and generic parts. In recent years our focus has expanded to include a range of solutions that are tailored to our clients' needs providing them better control of indoor environment quality.

Our expertise

CAC sells, services and supports some of the most sophisticated air conditioning systems ever designed and completed in Jamaica and the Caribbean. Our technical and engineering expertise sets us apart from the competition and can be seen throughout Jamaica in the large projects that we have designed, managed and implemented.

On the strength of the qualifications and experience of our team, we are first and foremost an engineering company that

specializes in applied air conditioning systems (chillers, cooling towers, pumps, air handling units and state of the art variable refrigeration flow (VRF) systems, to name a few) and pride ourselves on offering technical solutions and multiple options for our clients' needs. In addition to being one of the leading providers of commercial Air Conditioning (HVAC) systems and refrigeration and energy solutions in Jamaica, and maintaining a respectable share of the residential market, we are also one of the few Grade 1 contractors (and also a Grade 1 Mechanical Works and Grade 3 Electrical Works).

Recognition

Our expertise is reinforced by our accolades. CAC was awarded first runner up in the Junior Market for Corporate Disclosure and Investor Relations at the 2020 Jamaica Stock Exchange's Best Practices Awards. In 2019, the Business Excellence Forum & Awards, designed to honour "the best of the best" small businesses and business owners worldwide, recognized CAC as a finalist in four of the five categories we entered: CEO of the Year, Fastest Growing Company, Best Company Culture, and Best Import/Export Company. A year prior, in 2018 we won Best Import/Export Company.

CAC was awarded two golds during the 2017 staging of the Stevie Awards, one of the world's most coveted prizes designed to honour the achievements and positive contributions of businesses worldwide.

In May 2016 CAC established the CAC 2000 Foundation aimed at assisting disadvantaged, disabled and at-risk youth secure employment through education, as we know that with a good education anything is possible. We have partnered with existing programs and entities such as Rise which caters to the inner-city youth and the Pacers Running Club to raise funds for Step Centre which caters to the disabled. We have also received funding from JSIF for our Skills Training Program for air conditioning repairs and servicing.

As a Company, we are committed to Jamaica, the future of its people and delivering comprehensive and innovative air-conditioning and energy saving solutions to the local market and the wider Caribbean region.

We continue to be appreciative of our dedicated and loyal employees and contractors who have worked side by side with us, to not only cope with the many challenges but to identify and convert new opportunities into wins.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2021 Annual General Meeting of CAC 2000 Limited ("the Company") will be held on **Thursday, September 16th at 3:00 p.m**. at the CAC 2000 Ltd, 231 Marcus Garvey Drive, Kingston 11 for the following purposes:

1. **To consider the Company's Accounts and the Reports of the Directors and the Auditors for the year ended October 31st, 2020 and to consider and (if thought fit) pass the following resolution:**

   Resolution No. 1: "That the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended October 31st, 2020 be approved."

2. **To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors. To consider and (if thought fit) pass the following resolution:**

   Resolution No. 2: "That PwC, Chartered Accountants be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

3. **The Directors, Mr. Edward Alexander and Steven Marston shall retire from office, and being eligible, offer themselves for re-election.**

   To consider and (if thought fit) pass the following resolutions:

   Resolution No. 3: To approve the election and re-election of Directors recommended for appointment to the Board of Directors of the Company. To consider and (if thought fit) pass the following resolutions:

   a. "That retiring Director Edward Alexander be and is hereby re-elected a Director of the Company."

   b. "That retiring Director Steven Marston be and is hereby re-elected a Director of the Company."

4. **To transact any other special business.**

5. **Resignation of Director:**

   Jennifer McDonald Independent director and Chairman of the IT Committee, tendered her resignation as a Director of CAC on September 8th, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

Gia Abraham, *Company Secretary*

DATED THIS 25TH DAY OF FEBRUARY 2021

Note: A member entitled to attend, and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A special Resolution requires a three-quarter majority vote of the members and will be filed with the Companies Office of Jamaica.

AGM

CEO'S REPORT

October 31, 2020

When the Three Miles road construction works ended in December 2019, CAC resumed normal operations and our Q1 results reflected an improvement in revenues and profits. Since then, and like everyone else coping with the COVID-19 pandemic, CAC has been adjusting to the regularly changing curfews and rules, but our team has adapted to working remotely and our site operations have resumed along with supply chains (but with longer lead times). The net result is a significant improvement in our performance for the financial year. A summary comparison with the prior year is summarized in the table to the right.

CAC, once again, has demonstrated our agility and commitment to our mission by identifying and offering indoor environmental quality (IEQ) solutions such as fresh air injection systems, higher efficiency filtration, sterilization and improved maintenance services which gained us additional

Summary of results *(selected items)*

	2019/20	2018/19 (Restated)
Profit and loss		
Revenues	$1,258,508,478	$1,120,194,094
Gross Profit	$423,856,474	$344,621,479
Other Income	$2,544,440	$47,210,722
Expenses	($366,202,657)	($389,528,003)
Operating profit	$60,198,267	$2,304,198
Finance and other costs	($29,523,580)	($28,703,851)
(Loss)/Profit before taxation	$32,536,753	($33,402,478)

revenues whilst improving the lives of our customers.

Revenues are up 12%, gross profit improved by 23% and gross profit other income dollars were up by 9%, over last year due to improvements in sales, purchasing and cost controls.

Expenses were kept lower than the previous year as we took rapid action to respond to covid-19 by reducing operating costs but without laying off or making any of our staff members redundant! Net finance and other costs were also reduced, and the final result was total expenses down by 6% compared to the prior year.

The net result was a substantial increase in operating profit and a $65.9M turnaround in net profits, from a loss of $33.4M in 2019 to a profit of $32.5M in 2020.

Inventory continued its downward trend despite a build-up of equipment and parts (slower movement) while work in progress (WIP) and goods in transit (GIT) were reduced.

Trade receivables increased by 28% for the following reasons. Firstly, the slowdown of work in Q2 and Q3 (job execution and customers maintaining their cash reserves and delaying payments) along with an increase in Q4 billing. Additionally, we increased contract assets (work done but not yet billable to customers as per IFRS 15) by $136M and reduced our expected credit loss (as per IFRS 9).

Trade payables were reduced due to the settlement of the X-ray Diagnostics lawsuit case with US$400,000 plus J$1,159,000 paid in the current year. The final amount in legal fees to be paid over has not yet been settled.

Borrowings reduced slightly as we were able to contain our use of the short-term loan facilities, but cash and equivalents are down primarily due to the Q4 payments to settle the X-ray Diagnostics case.

We continue to be appreciative of our dedicated and loyal employees and contractors who have worked side by side with us, to not only cope with the many challenges but to identify and convert new opportunities into wins. We have committed to a new enterprise software and this is being implemented with expected completion in early 2021.

As always, our loyal customers continue to support us while embracing the IEQ solutions we have been able to offer them as a way of making their workplaces safer from the Covid-19 virus.

We have started the new financial year with a healthy job portfolio and are working on some exciting changes, including handing over to a new CEO, and other initiatives that will put us on a path of profitable growth as we continue to "Improve People's Lives".

Steven Marston
Chairman & CEO

CORPORATE DATA

Executive Directors
Chairman/CEO: Steven D. Marston
COO/Company Secretary: Gia Abraham
CTO/Director: Colin Roberts

Non-executive Directors
Edward Alexander
Patrick Smith
Richard Powell

Registered Head Office
CAC 2000 Limited
231 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: 876-656-9200 Fax: 876-923-1785
Email: sales@cac2000ltd.com
Website: www.cacjamaica.com

Attorney
Annaliesa E. Lindsay
Lindsay Law Chambers
21 Seaview Avenue
Kingston 6, Jamaica
Tel: 876-920-7428

Auditors
PricewaterhouseCoopers
Scotiabank Centre,
Duke Street
http://www.pwc.com/jm

BANKERS:

Scotiabank
Corporate Banking
Scotia Centre
Corner of Duke Street & Port Royal Street
Kingston

National Commercial Bank
Portmore Branch
13-14 West Trade Way
Portmore, St. Catherine

First Global Bank
New Kingston Branch
28-48 Barbados Ave
Kingston 5

Steven Marston

B.Sc. (Hons.) in Environmental Engineering, MSc. in Energy Management and Policy and graduate of Owner President Management (OPM) at Harvard Business School. [Appointed July 24th, 2000]. Executive Director and Chairman

Mr. Marston has worked in the air conditioning and energy business for over three decades. He began his career as an Alternative Energy Engineer at the Ministry of Mining and Energy, and later went on to hold a series of managerial positions. In 1985 he was appointed Lead Engineer at PCJ Engineering Limited, in 1990 he was Managing Director of Enertech Limited, and finally he was appointed Managing Director at Conditionedair & Associated Contractors (then owned by the ICD Group) in 1993. Part of his employment deal involved an option to purchase 49% of the company which was exercised a few years later.

In 1996, Mr. Marston was appointed Vice-President of the Development and Construction Division of the Mechala Group (now the ICD Group). In 2000, he completed a management buy-out of the remaining 51% of the shares of the company (renamed CAC 2000) and became the Chairman, Chief Executive Officer and majority beneficial owner. Since then he has lead it steadfastly to become the successful company that it is today.

Mr. Marston is a Registered Professional Engineer (P.E.) in Jamaica and a Chartered Engineer (C.Eng.) in the United Kingdom. He is a proud member of the Jamaica Institution of Engineers (M.J.I.E), the American Society for Heating Refrigeration and Air Conditioning Engineers (MASHRAE) and a fellow of the Institution of Mechanical Engineers (F.IMechE).

Gia Abraham

BSc. in Biology, C.Dir, M.CI.D, Executive Director & Chief Executive Officer

Ms. Abraham worked for over 10 years in the banking industry starting with Royal Bank of Canada in Toronto. In 1996, she decided to leave her post as a Personal Investment Banker and return to Jamaica where she joined the Canadian Imperial Bank of Commerce (CIBC) in the area of training and development. This entailed the roll out of the new processes and procedures developed to the branches island wide, in 1997 Ms. Abraham was seconded to a regional team located in Barbados to work on a new banking platform for regional implementation. In March of 2000, Ms. Abraham chose to leave the banking world and join her husband in a new venture called CAC 2000 Limited.

Ms. Abraham spearheaded the formation of CAC 2000 Foundation in May 2016, and presently holds the position of CEO. The Foundation is her pride and joy as she believes that Social Responsibility especially in the area of education and disability, is one of the key things all companies should be involved in as a means of Improving Peoples' Lives.

She was most recently appointed CEO in January 2021 (promoted from COO), just in time to lead the implementation of a new ERP system at CAC, and expects to complete her graduate Harvard Business School Owner President Manager (OPM) program in August 2021.

BOARD OF DIRECTORS

Colin Roberts

B.Sc. (Hons.) in Electrical and Computer Engineering, MBA. [appointed July 24th, 2000]. Executive Director and Director – Sales and Engineering

Colin Roberts' career in engineering commenced in 1987 as Trainee and then District Engineer (Saint Catherine) at The Jamaica Public Service Company Limited.

In 1991, Mr. Roberts joined the Seprod Group of Companies in the capacity of Electrical Maintenance Engineer and Electrical Project Engineer. He later become the Maintenance Manager and Maintenance Director at LOJ Property Management Limited gaining substantial experience with design and maintenance of air conditioning and related systems in commercial buildings. In late 1993, he was invited to join Conditionedair & Associated Contractors (CAC) as a shareholder and its Technical Manager.

In 2000, Mr. Roberts joined Steven Marston in purchasing the remaining interest in CAC and forming CAC 2000 Ltd. and assumed the position of Chief Technical Officer and has recently become the Company's Director – Sales and Engineering.

Mr. Roberts manages the estimations and execution of many of the Company's projects. He has further honed these skills through the Key Executive Program at the Harvard Business School and Leadership Development course at Kellogg School of Management.

Edward Alexander

BSc. in Mechanical Engineering, MSc. in Energy Management and Policy [appointed October 3rd, 2012] Lead Independent Director

Edward (Teddy) Alexander is the founder and Executive Chairman of tTech Limited ("tTech"), Jamaica's first Managed IT Service Provider, and is regarded as a visionary in the field of Information Technology.

This very capable IT specialist and business executive established tTech in 2006 after an 18 year career with GraceKennedy Limited, where he served as a Director and the company's Chief Information Officer. His IT career spans more than three decades. During the 1980's he worked in the alternative energy field at the Ministry of Mining & Energy and the Petroleum Corporation of Jamaica before switching to the information technology field when he worked as a Management Consultant at KPMG Peat Marwick & Partners. In 1988 he joined Grace-Unisys as an Account Manager and it was here his passion for IT blossomed. He is a former President of the Jamaica Computer Society, and a member of the Board of Management at Jamaica College, his alma mater.

Mr. Alexander serves as the Lead Independent Director, Chairman of the Corporate Governance Committee, and a member of the Audit Committee on the CAC 2000 Board.

Patrick A. H. Smith

BSc. in Public Administration, M.B.A. [appointed May 30, 2017]

Patrick A. H Smith has had broad general management experience having worked for more than 30 years within the Caribbean and European industries. Mr. Smith began his career at the Kingston Export Free Zone as an Investment Promotion Manager in 1981. Over the next few decades he would fulfil several positions at various local and international business entities including: Marketing Manager at T

Geddes Grant Group Jamaica Limited, General Manager at Jamaica Biscuit Company Limited, Business Unit Director [Caribbean] at British American Tobacco Caribbean and Central America. Most recently he held the role of Global Account Manager at Dunhill Cigars, British American Tobacco International in Switzerland. He has also served as the Chairman of Things Jamaican Limited and of Demerara Tobacco Company Limited in Guyana. He has previously served as a Director at the Export Import Bank of Jamaica, Carreras Limited, West Indian Tobacco Company Limited in Trinidad and Tobago, JAMPRO, and has been a Vice President of the Jamaica Exporters Association in the 1990's.

Mr. Smith is now retired.

Richard Powell

BSc. (Hons.) in Civil Engineering, an MSc. In Highway Engineering; and an M.B.A. (with Distinction) . Appointed May 30, 2017

Richard Powell, retired President and Chief Executive Officer of The Victoria Mutual Building Society Group (VM Group), has garnered vast professional experience from many appointments including those of President and CEO of Life of Jamaica Limited and Blue Cross of Jamaica as well as an executive management position at the Lascelles DeMercado Group of Companies. He has also served on the Boards of Life of Jamaica Limited, Lascelles DeMercado & Company Limited, Island Life Insurance Company Limited, among others. Prior to these appointments, Mr. Powell had a successful engineering career in the public sector. In addition to his service to private sector corporations he has also been appointed to Boards of many Non-Governmental Organizations and Public Sector Agencies. These include the PSOJ Council, The Jamaica Stock Exchange E-Campus, the United Way of Jamaica, The Environmental Foundation of Jamaica (EFJ) as well as the National Works Agency Advisory Committee of which he was Chairman. Mr. Powell is currently Pro-Chancellor of the University of Technology, Jamaica in Kingston, and Chairman, Board of Trustees for the Tourism Workers Pension Scheme.

IMPROVING LIVES

CAC continues to focus on Improving People's Lives whether it is that of addressing their comfort conditions, energy or IEQ, or the development of human resources through the CAC Foundation.

Marcus Hay

Sales and Solutions Manager

Marcus started his career with CAC 2000 as an Installation Engineer. Throughout his 20-year tenure with the company he has held several positions, including Lead Engineer and Installation Manager. He holds a MSc. in Mechanical Engineering.

Marcus has and continues to play a key role in the execution of several of our commercial projects, including Iberostar and the University of the West Indies (Basic Medical Sciences Department).

Conscientious in nature, Marcus is an avid team player, who is very attentive to follow through on detailed & complex projects.

Working at CAC 2000 has exposed me to all aspects of the air-conditioning field. It has allowed me to grow both professionally and personally. I have had the opportunity to improve my skills and competencies via training (both locally & internationally) and was mentored and coached on the job. I have met a wide range of multi-skilled professionals along the journey and am able to travel the length and breadth of Jamaica to provide energy efficient air conditioning solutions to our clients.

Craig Campbell

Project Execution Supervisor

Craig's career started with CAC 2000 in 2007 as a summer intern in the Engineering Department. He worked four (4) successive summers with the company, which led to the beginning of his permanent sojourn in the capacity of Junior Engineer in 2012. Since then, he has steadily moved up the ranks leading to his current position as Project and Execution Supervisor.

He holds a BSc. In Mechanical Engineering and is a registered Professional Engineer with the Jamaica Institute of Engineers.

Craig is a go-getter, diligent and always willing to go the extra mile to get the job done.

Working at CAC since 2007 has assisted me in enhancing my personal growth and development. I have been able to achieve some of my most cherished goals, resulting in me being able to set new goals and aspirations. I have been privileged with the opportunity to travel internationally for various training sessions and further my studies locally. The journey here at CAC truly equips one to be able to overcome whatsoever challenges may come your way.

Jenoi Wilson

Project Planning Engineer

Jenoi started her tenure with CAC 2000 in the capacity of Energy Specialist in 2018. An Electrical Engineer, her experience spans over 14 years. She holds a MSc. in Power Systems and was promoted to 2 other senior positions leading to her current capacity of Project Planning Engineer.

An excellent researcher, Jenoi is methodical in her work and in the development of processes to improve the overall operational efficiencies of the Engineering Department.

Working at CAC 2000 Ltd has allowed me to expand on my previous experience as a Consulting Design Engineer, by widening my knowledge base about the applications of various technologies in the HVAC, Electrical and Energy spectrums. The promotions throughout the few years of working here have resulted in the blossoming of my skills, some of which I did not know I possessed. Without these opportunities I would not have been able to realize my goals and achievements.

Brent Marston

Inventory and Supply Chain Manager

Brent started as our Management Trainee in 2017, and was later promoted to Inventory and Supply Chain Manager in 2019. Since joining CAC 2000, he has steered the Service delivery of the business, leveraging technology and new processes to help the business achieve its overall goal of First-Call Resolution. A Certified Public Accountant with a B.SC. in Business, Brent continues to excel in a dynamic and demanding environment while remaining pragmatic and focused.

CAC has helped me to develop myself professionally, specifically from the standpoint of leadership, communication, patience and strategic planning. By working in an industry and market that is extremely dynamic and requires frequent innovation, working at CAC has taught me that in order to succeed, a succinct and comprehensive plan must first be put in place, followed by being implemented and executed at the right time. Finally, it is imperative that internal alignment exists and through consistent and effective communication to ensure the success of any ongoing and future project. Leadership has impacted me greatly and allowed me to make a larger impact by proactively developing those around me.

Tamika Dixon-Gordon

Management Accountant

Tamika's journey with CAC 2000 commenced in 2019. She is a Chartered Accountant with a Master of Science in Professional Accountancy awarded by the University of London. With over 15 years' experience working across various industries, she brings a wealth of knowledge to her current post. She currently manages the accounting team with a high level of commitment and motivation to improving the processes of the department and the growth and development of her team.

Being an Accountant is not just a job for me- it's a passion. CAC has provided me the opportunity to continue to fulfill this passion of streamlining and managing accounting processes and team development through mentorship and knowledge sharing.

Top 10 Preferential Shareholders *As at October 31, 2020*

	Primary Account Holder	Joint Holder(s)	Volume	Percentage
1	PAM - UNIVERSITY HOSPITAL SCHEME OF PENSIONS		17,210,667	8.6053%
2	SAGICOR LIFE- LASCELLES DEMERCADO DEFINED CONTRIBUTION FUND		17,210,667	8.6053%
3	PAM - POOLED EQUITY FUND		17,210,667	8.6053%
4	VICTORIA MUTUAL BUILDING SOCIETY		15,408,000	7.7040%
5	GK GENERAL INSURANCE COMPANY LIMITED		12,706,000	6.3530%
6	NCB INSURANCE CO. LTD. A/C WT160		11,802,666	5.9013%
7	NCB INSURANCE CO. LTD. A/C WT311		10,901,333	5.4507%
8	NCB INSURANCE CO. LTD. A/C WT157		10,901,333	5.4507%
9	MR. WINSTON HOO		10,450,667	5.2253%
10	NCB INSURANCE CO. LTD. A/C WT162		10,000,000	5.0000%
11	NCB INSURANCE CO. LTD. A/C WT310		10,000,000	5.0000%
12	NCB INSURANCE CO. LTD. A/C WT062		5,000,000	2.5000%
13	NCB INSURANCE CO. LTD. A/C WT005		5,000,000	2.5000%
14	NCB INSURANCE CO. LTD. A/C WT185		5,000,000	2.5000%
15	NCB INSURANCE CO. LTD. A/C WT035		5,000,000	2.5000%
16	NCB INSURANCE CO. LTD. A/C WT182		5,000,000	2.5000%
17	MR GEORGE ALPHEUS BROWN	MISS TENSA ALECIA TAYLOR	3,400,000	1.7000%
18	GEORGE REID		3,000,000	1.5000%
19	NCB INSURANCE CO. LTD. A/C WT178		3,000,000	1.5000%
20	ALVIN HENRY	KERRY-ANN HENRY	3,000,000	1.5000%

Total Issued Capital:	**200,000,000**
Total Units Owned by Top 10 Shareholders:	**181,202,000**
Total Percentage Owned by Top 10 Shareholders:	**90.6010%**

Top 10 Shareholders *As at October 31, 2020*

	Primary Account Holder	Joint Holder(s)	Volume	Percentage
1	CAC CARIBBEAN LIMITED		67,462,522	52.2835%
2	MR COLIN ROBERTS		27,355,291	21.2004%
3	MR DONALD LOUIS WILLIAMS		6,180,000	4.7895%
4	VMWEALTH EQUITY FUND		5,963,220	4.6215%
5	PAM - POOLED EQUITY FUND		3,334,203	2.5840%
6	MR HOWARD CHIN		3,204,599	2.4836%
7	CHRISTINE G. WONG		1,232,962	0.9555%
8	MR. PETER NICHOLAS PATRICIA FORDE	ANTHONY FORDE	1,232,961	0.9555%
9	SAGICOR SELECT FUND LIMITED - ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION		1,035,021	0.8021%
10	JAMAICA CREDIT UNION PENSION FUND LIMITED		843,463	0.6537%%

Total Issued Capital:	**129,032,258**
Total Units Owned by Top 10 Shareholders:	**117,844,242**
Total Percentage Owned by Top 10 Shareholders:	**91.3293%**

Executive Holdings for CAC 2000 Limited *As at October 31, 2020*

Name	Primary Holder Joint Holder	Position	Relationship	Units	%
STEVEN MARSTON	Steven Marston	Manager	Self	-	0.00000
	CAC Caribbean Limited Connected			67,462,522	52.28345
			Director's Holding	-	0.00000
			Connected Party Holdings	67,462,522	52.28345
			Combined Holdings	67,462,522	52.28345
COLIN ROBERTS	Colin Roberts	Manager	Self	27,355,291	21.20035
			Director's Holdings	27,355,291	21.20035
			Connected Party Holdings	-	0.00000
			Combined Holdings	27,355,291	21.20035
GIA ABRAHAM	Gia Abraham	Manager	Self	300,000	0.23250
	CAC Caribbean Limited		Connected	67,462,522	52.28345
			Director's Holdings	300,000	0.23250
			Connected Party Holdings	67,462,522	52.28345
			Combined Holdings	67,762,522	52.51595
Issued Shares				**129,032,258**	
Combined Director's Holdings				**27,709,577**	**21.47492**
Combined Connected Party Holdings				**67,462,522**	**52.28345**
Combined Holdings				**95,172,099**	**73.75838**

Directors Holdings for CAC 2000 Limited *As at October 31, 2020*

Name	Primary Holder Joint Holder	Position	Relationship	Units	%
STEVEN MARSTON	Steven Marston	Director	Self	-	0.00000
	CAC Caribbean Limited Connected			67,462,522	52.28345
			Director's Holding	-	0.00000
			Connected Party Holdings	67,462,522	52.28345
			Combined Holdings	67,462,522	52.28345
COLIN ROBERTS	Colin Roberts	Director	Self	27,355,291	21.20035
			Director's Holdings	27,355,291	21.20035
			Connected Party Holdings	-	0.00000
			Combined Holdings	27,355,291	21.20035
GIA ABRAHAM	Gia Abraham	Director	Self	300,000	0.23250
	CAC Caribbean Limited		Connected	67,462,522	52.28345
			Director's Holdings	300,000	0.23250
			Connected Party Holdings	67,462,522	52.28345
			Combined Holdings	67,762,522	52.51595
EDWARD CHARLES ALEXANDER	Edward Charles Alexander	Director	Self	54,286	0.04207
	Charmaine Dawn Alexander			-	0.00000
	Renee Moy Alexander			-	0.00000
	Jordanne Moy Alexander			-	0.00000
			Director's Holdings	54,286	0.04207
			Connected Party Holdings	-	0.00000
			Combined Holdings	54,286	0.04207
PATRICK SMITH	Patrick Smith	Director	Self	-	0.00000
			Director's Holdings	-	0.00000
			Connected Party Holdings	-	0.00000
			Combined Holdings	-	0.00000
RICHARD POWELL	Richard Powell	Director	Self	-	0.00000
			Director's Holdings	-	0.00000
			Connected Party Holdings	-	0.00000
			Combined Holdings	-	0.00000
Issued Shares				**129,032,258**	
Combined Director's Holdings				**27,709,577**	**21.47492**
Combined Connected Party Holdings				**67,462,522**	**52.28345**
Combined Holdings				**95,172,099**	**73.75838**

CORPORATE GOVERNANCE

Primary Responsibilities

All Directors:

- Serve as fiduciaries for all shareholders and unit holders.
- Direct the business and affairs of the company within the law.
- Oversee company performance.
- Select the CEO and ratify the selection of officers of the company.
- Review and confirm basic company objectives.
- Approve major policy and management decisions.

Independent Directors:

- Spend time learning the business of the company, developing informal contacts with management and other directors to build mutual trust.
- Advise management.

Secondary Responsibilities

All Directors:

- Adopt or change by-laws of the company.
- Approve changes in policies of the company and its subsidiaries.

Independent Directors:

- Review from an objective perspective the work of management, refraining from involvement in day-to-day management.
- Bring perspective and fresh point of view to the board's deliberations.
- Provide general guidance based upon experience in special areas of expertise.

Additional Responsibilities

Planning

- Approve the short- and long-term objectives, strategies, and plans recommended by management and advise management regarding the planning process. Periodically evaluate progress against such plans.
- Identify any barriers to the company's progress and sense the timing for change.

Management

- Elect the officers of the company and delegate management responsibility and authority to them.
- Authorize necessary officer signatory authorities on behalf of the company.

Financial Structure

- Approve overall capital structure of the company.
- Approve overall financing programmes and policies.
- Authorize appropriate officers of the company to take actions as may be required to implement such programs.
- Approve all distribution actions.
- Establish regulations and controls concerning issue, transfer,

and registration of securities.

- Ensure that there is a specific financial program designed to properly support the company's long-term plan for growth by reviewing long-term plans and financing to prepare for it.

Controls

- Identify the board's needs for information and arrange for its timely supply.
- Approve annual operating and capital budgets and review performance to plan quarterly.
- Review capital expenditures
- Review the accuracy and completeness of financial control systems through an audit committee composed entirely of outside directors.
- Ensure that management has adequate financial systems, including timely and accurate information.
- Inquire into major deficiencies in performance.
- Ensure existence of written policies and authorization systems for major expenditures.
- Require audited financial statements by a major public accounting firm.

Board Continuity

- Seek continuity and strengthening of the board through identifying and attracting additional and/or replacement directors.

BOARD COMMITTEES

Corporate Governance Committee

The members of the committee are Edward Alexander (Chairman), Gia Abraham and Patrick Smith.
During the fiscal year 2019/2020 the committee completed the following:

1. Review of the board committee charters and publishing same on the Company's website.
2. Survey of the board and board committees to determine their effectiveness and to identify areas for improvement.
3. A Directors Peer Review survey in which individual directors rated each other and identified areas that improvement was needed.
4. A rating of the areas of expertise of the existing directors and the identification of gaps that needed to be filled. This assessment is being used to guide the recruitment of new directors.
5. Completed the Jamaica Stock Exchange Corporate Governance Index survey.

In December 2020 the Company received the 1st Runner-up award for Corporate Disclosure and Investor Relations amongst Junior Market Companies in the Jamaica Stock Exchange's annual Best Practices Awards.

Corporate Governance Charter

Purpose

The Corporate Governance Committee of CAC 2000 Limited has the responsibility of assisting the Board of Directors of CAC 2000 Limited in ensuring that its composition, structure, policies and processes for managing the Company are in keeping with world corporate governance best practice standards and adhere to the relevant legal and regulatory framework. The basic guidelines set out herein were mainly extracted from the Combined Code on Corporate Governance issued by the Financial Reporting Council of the United Kingdom, compiled by the Corporate Governance Committee of the Private Sector Organisation of Jamaica and the Corporate Governance and Regulations guidelines issued by the Jamaica Stock Exchange.

Composition

The membership of the Corporate Governance Committee shall comprise at least three (3) members of the Board, the majority of whom must be independent non-executive directors chosen for the competence and understanding of issues related to corporate governance. The members and the Chair of the Committee shall be appointed and removed by the Board in its sole discretion and shall serve until their resignation or removal.

Meetings

- Frequency
    - The Committee shall meet at least twice annually, or more frequently as the members deem fit.
- Quorum
    - The quorum for a meeting is two (2) members
- Reporting Obligations
    - The Chair of the Committee shall report the minutes to the Board on a regular basis and, in particular, shall highlight any key actions taken by the Committee or recommendations being made to the Board with respect to the Board's mandate
    - Members of the Board shall have access to all records of the Committee.

Authority & Responsibilities

The Committee shall support the Board in the administration and exercise of the Board's management of the Company by carrying out the following:

Corporate Governance Principles

- Developing, recommending and reviewing corporate governance principles applicable to the Board.
- Ensuring that the Board and is committees are in compliance with all regulatory composition requirements, which shall include requirements for director independence.
- Reviewing, no less than once annually, the adequacy of the charters of the Board and its various subcommittees, including the adequacy of this Charter, and submit to the Board any suitable recommendations in relation to the amendment of same.
- Reviewing, no less than once annually, the Company's Articles of Incorporation and overall corporate governance policy and practices and submit to the Board any suitable recommendations in relation to the amendment of same.
- Preparing the annual Corporate Governance Statement for inclusion in the Company's Annual Report to its shareholders.
- Ensuring that there is accurate, timely and full financial governance reporting with strong internal controls and risk management.
- Ensuring that material information regarding the Company's operations are disclosed in a timely manner to the public and regulatory entities.
- Keeping abreast of the latest regulatory requirements, trends and guidance in corporate governance and updating the Board on corporate governance issues, where necessary.

Evaluation of Board & its Committees – Structure, Composition and Function

- Ensuring that the Board is structured and selected to ensure effectiveness, independence and protection of the public's interests through appropriate selection and operating processes.
- Establishing and facilitating an effective process for the annual evaluation of the Board and its committees, which shall include the development of a self-audit checklist which takes into account their respective mandates and the level of contribution of individual directors. The Committee shall report to the Board the results of its annual evaluations and, based on those results, may make recommendations in respect of the structure and effectiveness of the Board and any of its committees.
- Completed the development and implementation of a Board induction process for new directors and a programme of continuing director development and training, as needed.
- Considering possible conflicts of interests of directors and making relevant proposals to the Board in relation to its findings.
- Reviewing any change in status and professional affiliation of current directors, which shall include fulfilment of independence requirements, and making relevant proposals to the Board in relation to its findings.

Audit Committee

The members of this committee are: Richard Powell (Chairman), Edward Alexander, Patrick Smith and Gia Abraham.

Purpose

To assist the Board of Directors in fulfilling its accountability for the efficient and effective performance in relation to:

- The integrity of the Company's financial statements;
- The Company's compliance with legal and regulatory requirements;
- The adequacy of the independent auditor's qualifications and independence;

MEETING ATTENDANCE

BOARD MEETING ATTENDANCE

Board of Directors	Meeting on 17/12/2019	Meeting on 3/10/2020	Virtual Meeting on 5/28/2020	Virtual Meeting on 9/8/2020
Steven Marston, Board Chairman	√	√	√	√
Colin Roberts, Director	√	√	√	√
Edward Alexander, Independent Director	√	√	√	√
Gia Abraham, Director, Company Secretary	√	√	√	√
Patrick Smith, Independent Director	√	√	√	√
Jennifer McDonald, Independent Director	√	√	√	√
Richard Powell, Independent Director	√	√	√	√

ANNUAL GENERAL MEETING

Members	03/06/2020
Steven Marston, Board Chairman	√
Colin Roberts, Director	√
Edward Alexander, Independent Director	√
Gia Abraham, Director, Company Secretary	√
Patrick Smith, Independent Director	√
Jennifer McDonald, Independent Director	√
Richard Powell, Independent Director	√

AUDIT COMMITTEE

Members	Meeting on 10/12/2019	Meeting on 3/3/2020	Virtual Meeting on 5/26/2020	Virtual Meeting on 9/3/2020
Richard Powell, Independent Director, Chairman	√	√	√	√
Edward Alexander, Independent Director	√	√	√	√
Steven Marston, Director	√	√	√	√
Patrick Smith, Independent Director	√	√	√	√
Gia Abraham, Director, Company Secretary	√	√	√	√

REMUNERATION COMMITTEE

Members	Meeting on 12/10/2019	Meeting on 3/3/2020	Virtual Meeting on 5/26/2020	Virtual Meeting on 9/3/2020
Patrick Smith, Independent Director, Chairman	√	√	√	√
Richard Powell, Independent Director	√	√	√	√
Steven Marston, Director	√	√	√	√
Jennifer McDonald, Independent Director	√	√	√	√
Gia Abraham, Director, Company Secretary	√	√	√	√

INFORMATION TECHNOLOGY COMMITTEE

Members	Meeting on 17/12/2019	Meeting held 3/10/2020	Virtual Meeting on 5/28/2020	Virtual Meeting on 9/8/2020
Jennifer McDonald, Independent Director, Chairman	√	√	√	√
Colin Roberts, Director	√	√	√	√
Patrick Smith, Independent Director	√	√	√	√
Steven Marston, Director	√	√	√	√
Gia Abraham, Director	√	√	√	√

CORPORATE GOVERNANCE

Members	Virtual Meeting held 5/28/2020
Edward Alexander, Independent Director, Chairman	√
Jennifer McDonald, Independent Director	√
Steven Marston, Director	√
Gia Abraham	√

Note: Jennifer McDonald tendered her resignation on September 8th, 2020.

- The internal controls and operational environment;
- The Company's risk identification, measurement and control processes.

Scope

The Committee shall provide oversight of the audit, compliance and risk management functions of the Company on behalf of the Board of Directors.

Composition

The Audit Committee shall consist of at least three (3) and no more than six (6) members of the Board of Directors.

Meetings

The Committee is required to meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require.

Remuneration Committee

The members of this committee are: Patrick Smith (Chairman), Jennifer McDonald, Gia Abraham and Richard Powell.

Purpose

To develop and determine the framework and policy for the remuneration of the Chief Executive Officer, the Executive Directors, and to provide guidance with respect to the remuneration off the next tier of Senior Executives within the Company.

The Committee also assists the Chairman in developing the remuneration package for the non-executive directors of the Board.

Composition

The Remuneration committee comprises of a minimum of thee (3) members the majority of whom must be independent non-executive members.

Meetings

The Committee is required to meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require.

Information Technology Committee

The members of this committee are: Jennifer McDonald (Chairman), Patrick Smith and Colin Roberts.

Purpose

The Information Technology ("IT") Committee should ensure that there are prudent and effective IT policies and guidelines. It is responsible for the effective use of technology in business operations and ensuring that these is seamless connectivity among the various technologies employed.

Composition

The IT committee shall consist of at least two (2) but no more than five (5) members, including ex officio members.

Meetings

The IT committee shall convene at least three (3) times per year.

The Committee Charters are available on the CAC 2000 website: www.cacjamaica.com

Code of Ethics

As a leading provider of air-conditioning equipment and services, CAC 2000 has an ongoing responsibility to customers and all others who use our products and services. In meeting their needs, everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us. Everyone must be considered as an individual. We must respect our employees' dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly, and safe. We must be mindful of ways to help our employees fulfil their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development, and advancement for those qualified.

As an employer, CAC 2000 must provide and develop competent managers and employees, and their actions must be ethical and honest, as well as compliant with laws, rules, and regulations. Through our conflict of interest policy, we help our employees, officers, and directors avoid conflicts of interest, actual or apparent, between their personal and professional relationships. Any disclosures our board or management make to regulators, the public, or others, must be full, fair, accurate, timely, and understandable.

CAC 2000 and its employees are responsible to the communities in which we live and work and to the world community as well. We must be good citizens, support good works and charities, and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

CAC 2000 recognizes its responsibilities to its owners. Our business must make a sound profit. We must experiment with new ideas. We must conduct research, develop innovative programs, and pay for any mistakes. We must purchase new equipment, provide any needed new facilities, and launch new products as needed in the marketplace. We must create reserves to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return on their investment.

Finally, as an incorporated entity, CAC 2000 is responsible to Jamaican regulators. In all our reports to these regulators, we make full, fair, accurate, timely, and understandable disclosures. We adhere to these same standards in our statements to our stakeholders and to the general public.

Any violations of this code, or of the more detailed standards found in other company codes, shall be reported promptly to the Company Secretary of CAC 2000, who serves as CAC 2000's chief ethics officer. The company's board of directors, supported by general counsel, is responsible for ensuring that each employee receives a copy of this code of ethics, and understands its content.

MD&A

MANAGEMENT
DISCUSSION
& ANALYSIS

There is no doubt that 2020 has been one of the most disruptive years in our lifetime as the world was impacted by the COVID-19 pandemic. In the face of unprecedented challenges, CAC maintained agility and stayed true to our purpose of Improving People's Lives.

Our team began the 2019/2020 financial year with much optimism as we posted a positive profit for the first quarter and showed that we were finally seeing an end to the disruptive Three Miles road construction project, which was substantially completed in December 2019.

But by March 2020, the COVID-19 virus reached our shores, and this affected us in many forms. Offices and customer locations were closed down in keeping with government-enforced restrictions and our supply chain was disrupted. Lockdowns of areas and businesses, curfews and general tightening up of business meant that we, like everyone else, had to make the best of the rapidly changing environment. This meant making necessary yet hard changes while remaining committed to our core values.

One commitment, which we proudly held steadfast to, was ensuring that our team-members were kept safe and employed while adjusting to remote work while we did our best to preserve our cash. Once we had solidified our core, we then moved to the recovery phase which we did by successfully containing our expenses without laying off a single employee.

In the true spirit of innovation, we viewed the crisis as an opportunity to improve people's lives. We began by listening to our customers and gaining a more in-depth understanding of their needs in a time of crisis. This is where the shift began; we showed our incredible expertise in the field by identifying and executing indoor environmental quality (IEQ) solutions for our corporate customers, by placing more focus on thermal energy, addressed issues of humidity, and focused our attention on virus control. This allowed our customers to have significantly less closure and down time while keeping their team members and customers safe.

New Ventures

COVID-19 presented the world with an unprecedented situation and governments raced to develop guidelines to fight the disease. We're proud to say that, as air quality experts, we were able to provide much-needed guidance and expertise in the midst of uncertainty as we crafted unique solutions to fight the spread of the virus.

Since the disease is believed to be airborne, we tested units in each of our customers' offices to identify how much of the virus we could filter out. Based on the fact that infection results from exposure to multiple microbes of the virus, we also sought to increase the airflow and the efficiency of the filters in homes and offices. Some of the solutions implemented for our clients also included air dilution through Fresh Air injection and sterilization, using UV lights as ways to lessen the chances of infection. In addition to our services, we launched many Indoor Environmental Quality (IEQ) Products such as: UV Lamps, HEPA Filters, MERV13 filters, CETO Energy Saving Occupancy Thermostat along with commercial and residential Air Purifiers.

This innovative move set the precedent for our success in 2020. Through this we were able to guide the Government of Jamaica and our customers on best practices in maintaining safe air quality throughout office spaces and even their homes. It is to the credit of the entire CAC 2000 team who worked assiduously through what has been a challenging year for many.

Financial Performance

New services in IEQ drove additional revenue and profits to the business. Revenues in the year grew 12% with gross profit improving 23%. We kept expenses lower than the previous year as we took rapid action to respond to COVID-19 by reducing operating costs including remote working without staff redundancies. We appreciate the work of our dedicated and loyal employees and contractors who continued to work with us despite the shifting challenges.

FIVE-YEAR FINANCIAL REVIEW

	2020	2019	2018	2017	2016
BALANCE SHEET ($'000)					
Non-current Assets	30,081	44,119	51,855	45,779	53,277
Current Assets	1,081,536	1,123,938	988,797	939,432	798,434
Non-current Liabilities	204,829	206,996	211,177	8,090	160,653
Current Liabilities	518,444	605,253	341,938	554,028	368,701
Shareholder's Equity	388,344	355,808	487,536	423,093	322,357
PROFIT & LOSS ($'000)					
Revenue	1,258,508	1,120,194	1,210,990	1,210,935	1,017,611
Yearly Change %	12.35%	-7.50%	0.00%	19.00%	-5.71%
Gross Profit	423,856	344,621	453,190	424,435	410,083
Yearly Change %	22.99%	-23.96%	6.77%	3.50%	14.46%
Profit before Tax	32,537	(33,402)	74,766	100,514	115,497
Yearly Change %	197.41%	-144.68%	-25.62%	-12.97%	40.90%

IMPORTANT RATIOS

	2020	2019	2018	2017	2016
PROFITABILITY : Reflects the performance of the company and its managers					
Return on Capital Employed	10%	0.4%	11%	15%	24%
Return on Equity	8%	-9%	15%	24%	36%
Return on Total Asset	3%	-3%	9%	13%	14%
Gross Profit Margin	34%	31%	37%	35%	40%
Earnings Per Share	0.25	-0.26	0.58	0.78	0.08
Inventory Days	148	167	233	127	186
Debtor Days	200	187	136	142	113
Creditor Days	75	85	88	62	74
FINANCIAL : Reflects financial structure and stability of the company					
Current ratio	2.09	1.86	2.89	1.70	2.17
Liquidity Ratio(Acid test)	1.54	1.32	1.82	1.32	1.41
Debt to Capital Employed	35%	30%	30%	38%	32%
Debt to Equity ratio	0.77	0.89	0.43	0.60	0.48

Note: The Company's prior year financial statement was restated. The information was amended to reflect this change.

Many construction sites were closed down, curfews affected employee movements and remote work challenged management resources and technology. We estimate that we lost revenues due to reduced demand from customers and the slowdown on construction jobs and estimates of the revenue reduction are $300-400M or 18-20%.

Expenses were kept lower than the previous year as we took rapid action to respond to COVID-19 by reducing operating costs without making any of our staff members redundant. Net finance and other costs were also reduced, and the final result was total expenses down by 6% compared to the prior year.

The net result was a substantial increase in operating profit and a $65.9M turnaround in net profits, from a loss of $33.4M in 2019 to a profit of $32.5M.

In summary, annual revenue has rebounded, climbing steadily from $863 million in 2015, with $51.7 million net profit, flat revenues and a loss in 2019 to $1.25 billion and $32.5 million profit in 2020.

Balance Sheet Strength

Trade receivables increased by 28% for the following reasons. Firstly, the slowdown of work in Q2 and Q3 (job execution and customers maintaining their cash reserves and delaying payments) along with an increase in Q4 billing. Additionally, we increased contract assets (work done but not yet billable to customers as per IFRS 15) by

$136 million and reduced our expected credit loss (as per IFRS 9).

Trade payables were reduced due to the settlement of the X-ray Diagnostics lawsuit case with US$400,000 plus J$1,159,000 paid in the current year.

During the 2020 financial year, we turned turmoil into triumph and recorded an improvement in our financial position. Overall, our shareholders equity or capital stood at $388 million from $355.8 million in 2019. This was comprised of total assets at $1.1 billion which exceeded our short-term liabilities at $518.4 million and our long-term liabilities at $204.8 million, most of which represented borrowing. Consequently, borrowings reduced slightly as we contained our use of short-term loan facilities even as cash and equivalents declined primarily due to the Q4 payments to settle the longstanding X-ray Diagnostics case. Net finance and other costs were also reduced, and the final result was total expenses down by6% compared to the prior year. Overall, our debt to equity closed the 2020 financial year at 53% ($299 million/ $388 million) compared to 58% in 2019 ($315 million/$356 million).

The stock price closed the financial year at $14 in October 2020 up from a COVID-19 induced low of $7.39 in the year. The company is on a higher growth trajectory than many of our peers and earned earning per share of $0.25. The higher multiple reflects the growth in our revenues and earnings at a time when most other companies are recovering from COVID-19 fallout.

The company operates with a return on equity of 8.4% and a 5.5% return on assets.

Strategy

The 2021 financial year will begin with a healthy job portfolio and we are working on some exciting changes, including welcoming a new CEO, Ms. Gia Abraham, who will assume the helm on January 1st, 2021. Ms. Abraham is the visionary behind our renewed vision, mission and strategic pillars that will lead our recovery from the pandemic and build on our solid base to continue our growth.

As we continue to live out our purpose to "Improve Peoples' Lives" our revitalized strategic vision points to CAC 'Excelling as the leading experts on energy and indoor environmental quality (IEQ)', and as our mission 'To engineer solutions and provide products and services that sustain healthy, comfortable and productive indoor environments', leads us on a path of profitable growth.

Our continued focus on the strategic pillars of diversification, operational effectiveness, and people development, are just a few of the ways we will ensure we come out of the pandemic better than we were before.

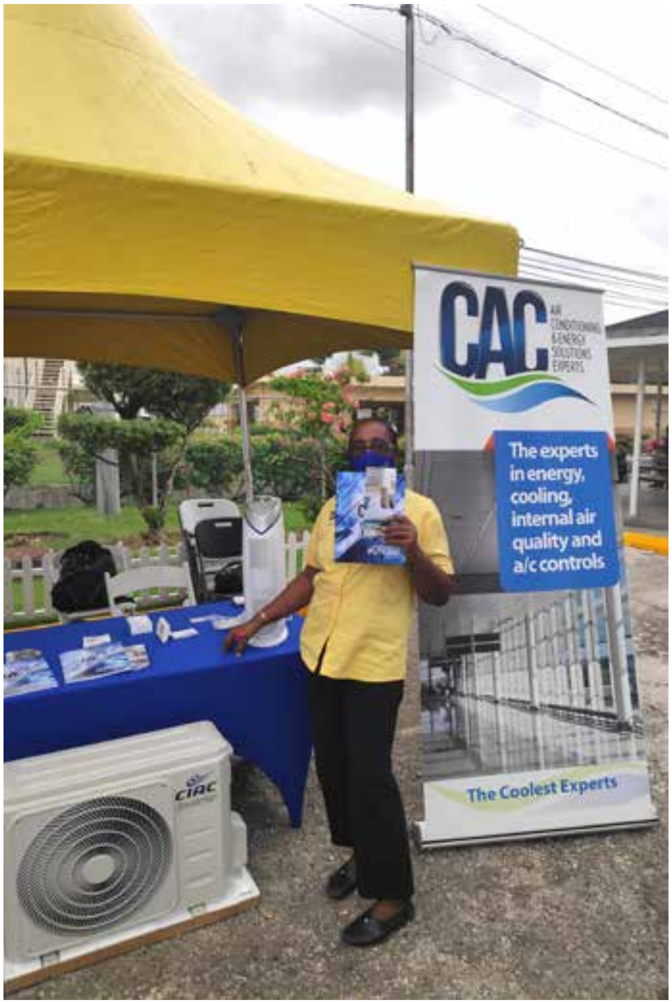
Diversification will come through an expanded geographical footprint and regional growth plan, as well as a wider array of solutions and product offerings. We continue to bid for jobs throughout the region (having won multiple contracts to supply and install the air conditioning, electrical and energy for the first in a series of houses for high-net worth individuals in Barbuda), as well as further expansion in Energy.

Continued streamlining of our processes and procedures will increase our operational effectiveness and overall efficiency.

The final and what we consider our most important pillar, is that of people development, which will prioritize working on achieving the dream of our future through a cadre of competent, confident and effective employees who are the right fit for the job and are all aligned around common purpose, vision, mission and values.

- Accuracy
- Well-Being: Life & Balance Commitment
- Excellence & Enthusiasm
- Technical Expertise & Teamwork
- Respect
- Integrity & Innovation
- Problem Solving

PURPOSE	VISION	MISSION	VALUES
Improving People's Lives	Excelling as the leading experts on energy and indoor environmental quality.	To engineer solutions and provide products and services that sustain healthy, comfortable and productive indoor environments.	**AWETRIP** 1. ACCURACY 2. WELLBEING: life balance & commitment 3. EXCELLENCE & ENTHUSIASM 4. TECHNICAL EXPERTISE & TEAMWORK 5. RESPECT 6. INTEGRITY & INNOVATION 7. PROBLEM SOLVING



Outlook

Gia Abraham will assume the CEO position on January 1, 2021 and, with the support of our capable management team, it is expected that she will lead the company to even greater heights in 2021 and beyond. It is also worth noting that she is the first woman to lead the first construction company listed on the Jamaica Stock Exchange, in what is traditionally a very male dominated industry.

Ms. Abraham will hit the ground running as she will be focused on improving operating efficiencies with the implementation of a new ERP system (scheduled for April 2021). This is also expected to improve our cost effectiveness and customer response. In addition, CAC will continue to expand our IEQ products and services, which provide COVID-19 solutions for safe workplaces for our customers, and boost revenue streams.

Steven Marston will assume the position of Executive Director and will continue the stated objectives of growing CAC activities in the region while negotiating joint ventures on large projects, energy, key acquisitions and innovation. More will be announced in due course in the upcoming year.

The management team of CAC wishes each shareholder safety and success as we continue to navigate our way through this challenging period.

Given the company's performance over the past two years, it is fair to say that CAC has proven our ability to cope with adversity by becoming a more agile and cost-efficient company and emerging from the obstacles better and stronger than before. We couldn't have done this without the loyalty, dedication, and support of our outstanding employees, contractors and long-standing customers – Thank You, Thank You, Thank You!

The CAC 2000 Foundation took on a series of projects this year in the spirit of improving people's lives. The onset of the pandemic made this year particularly trying for many Jamaicans however this only fuelled our desire to do even more to help our communities and contribute to the United Nations Sustainable Development Goals (SDGs).

We will continue working towards these global goals to end poverty, protect our planet and ensure that all people (here in Jamaica and around the world) enjoy peace and prosperity by 2030.

Led steadfastly by our Foundation Manager Janelle deFreitas, this year we launched the company's volunteer programme and a new communications initiative as we continue to widen the scope of our impact. By partnering with our team members through this program we were able to positively affect over 4,000 lives in Jamaica.

Vision:

Be an exemplary leader for corporate philanthropy and to positively impact communities while inspiring a culture of volunteerism.

Goal/Purpose:

Improve people's lives and foster growth in all Jamaicans

Our Values:

- **Commitment** – We are committed to enriching the lives of Jamaicans whilst achieving the 2030 Sustainable Development Goals set out by the United Nations.
- **Integrity** - Engender trust and reality through the equitable treatment of all, whilst upholding a high standard of policies and procedures.
- **Collaboration** – Growth through shared knowledge, resources and partnering to positively impact the lives of Jamaicans.
- **Sustainability** – Going above and beyond that which is expected to ensure the viability and longevity of all programmes implemented.

Our Commitment to The Sustainable Development Goals

The CAC 2000 Foundation seeks to be an exemplary leader for corporate philanthropy, positively impacting communities while inspiring a culture of volunteerism. Since our inception in 2016, we have been quietly working to improve lives, foster growth and accomplish our goals with the spirit of 'UBUNTU'(I am because we are) at the heart of what we do.

Through our AC Technicians' Training Programme, Secondary and Tertiary Schooling Grants, Music Therapy Programme for children with disabilities and partnerships with organizations such as the Jamaica Social Investment Fund (JSIF), Pacers Running Club, Caribbean Philanthropic Alliance, Jamaican Diaspora Task Action Network and others, CAC 2000 Foundation has been able to contribute to the United Nations SDGs and will continue working towards these global goals.

Our main areas of impact are:

#1 No Poverty
#2 Zero Hunger
#4 Quality Education
#5 Gender Equality
#8 Decent Work and Economic Growth
#10 Reduced Inequalities
#17 Partnerships for the Goals

SUCCESS THROUGH PARTNERSHIPS

Women's Leadership Institute (WLI)

As part of our continued commitment to fostering development through education, we contributed our time and talent to assisting in the renovation of the Sylvia Foote Basic School. Working directly alongside the chair of the Education Committee of WLI, we assisted with selecting the contractor and managing the renovation process. The school is located at the Voluntary Organisation for the Upliftment of Children (VOUCH) in Downtown Kingston and caters to children with special needs aged three to six from several surrounding underserved communities including Fletcher's Land and Allman Town. It is the only school of its kind with a structured Special Education Programme.

Our Impact on The S.T.E.P. Centre

In partnership with the Pacers Running Club, we were able to present a cheque valued at $809,000 to the S.T.E.P. Centre (A School for the Therapy, Education and Parenting of children with multiple disabilities). The funds were raised through the annual Pacers Charity Run held in November 2019 but the presentation itself could not have been more timely given the onset on COVID-19. We have been a long standing supporter of the S.T.E.P. Centre as we assisted in the implementation of a music therapy programme led by Mrs. Emily Dixon. The school caters to approximately 30 special needs students, most of whom are living with cerebral palsy and require constant care and attention. Some students live at the Mustard Seed Children's Home.

COVID RELIEF

Eggs for Life - The Dozen

COVID-19 impacted every sector but one of the lesser considered industries was agriculture. The rapid closure of the hospitality industry came with it serious impacts on our local farmers. With an excess of chickens and eggs, Eggs for Life, based in Trelawny, graciously donated a case of eggs to graduates of the AC Technician's Training Programme. It was all hands on deck to manage the logistics of collection, packing and distribution but we were able to assist several families negatively impacted by the pandemic.

JDTAN - Entrepreneurship Task Force - Care Packages During COVID

The Jamaican Diaspora Task Action Network (JDTAN) – Entrepreneurship Task Force has been working with the Foundation to organize a entrepreneurship workshop for graduates of our AC Technicians' Training Programme. The workshop, originally scheduled for March 29, 2020 was halted due to COVID-19 but it didn't stop our partnership. JDTAN worked with us to get care packages into the hands of all the students who had registered for the workshop. Thirty packages were distributed.

PSOJ - COVID-Care

On June 17 and 29, 2020 a team of CAC 2000 Foundation volunteers assisted in the packing of over 2000 care packages for families across our island. This was done in partnership with the Private Sector Organization of Jamaica, PSOJ COVID-19 Jamaica Response Fund. To date over 51,000 packages have been delivered through this project.

St. Andrew South Community Safety & Security Division - Safety First

In doing good for our communities, we can sometimes forget the invaluable contribution of one of our most important stakeholders, our security forces. The community, safety and security divisions at the Hunts Bay Police Station maintains relationships with the communities and heads up the police youth club. It was the pleasure of the Foundation's Chairman, Mr. Steven Marston and Director, Dane McGregor, to present to Corporal Ridley and Inspector Walters, facemasks for their team of twenty and gallons of hand sanitizer.

Fostering Development Through Education

In line with our continued focus on education as the vehicle to ensuring the development of our undeserved communities, nine primary school students received scholarships from the Foundation. The students, who transitioned to high schools this year, received bursaries totaling $50,000 under the Pearl Drue Wong Scholarship programme as well as android tablets to assist them as they adjust to online learning. As part of our continued commitment to education and youth development, the first cohort of scholarship recipients, recognized in 2019, also received tablets so that they can access their online classes.

Scholarships

In addition to this, we issued three other scholarships, the Audrey Roberts Scholarship valued at $250,000 which was granted to a UWI Humanities student; the Annabella Marston Scholarship valued at $250,000 which was granted to a UTECH student, and the CAC 2000 Foundation Scholarship valued at $50,000 and granted to five qualifying CAC Staff members. The CAC 2000 Foundation Scholarship Programme which began in 2019 has to date been able to award a total of sixteen scholarships in line with our company's objective of Improving People's Lives.

The onset of COVID-19 put a hold on the external training programme alongside JSIF, however the delay allowed us to

focus closely on those who graduated from the programme and received placement within the Company. The graduates continue to be mentored and up-skilled through our ongoing online training. Before the end of our financial year we applied for funding to continue our programme.

AUDITED FINANCIAL STATEMENTS

Independent auditor's report

To the Shareholders of CAC 2000 Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of CAC 2000 Limited (the Company) as at 31 October 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 October 2020;
- the statement of comprehensive income for the year then ended;
- the statement of stockholders' net equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is 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, management is 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 scepticism 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.

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, actions taken to eliminate threats or safeguards applied.

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 requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
28 December 2020
Kingston, Jamaica

CAC 2000 LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 October 2020

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $	2019 Restated $	1 November 2018 $
ASSETS				
Non-current asset				
Property, plant and equipment	4	27,002,848	44,119,401	51,854,814
Right-of-use assets	5	3,078,597	-	-
		30,081,445	44,119,401	51,854,814
Current assets				
Tax recoverable		3,210,865	3,136,029	3,067,431
Inventories	6	335,169,715	343,923,189	367,004,488
Due from related parties	13	15,963	44,039,667	11,696,022
Trade and other receivables	7	636,659,846	510,805,102	395,907,135
Investments		392,188	549,894	269,759
Cash and bank deposits	8	106,087,214	221,483,721	117,041,833
		1,081,535,791	1,123,937,602	894,986,668
Total assets		1,111,617,236	1,168,057,003	946,841,482
EQUITY AND LIABILITIES				
Stockholders' net equity				
Share capital	9	129,189,757	129,189,757	129,189,757
Capital redemption reserve	10	56,070,657	56,070,657	56,070,657
Retained earnings		203,083,965	170,547,212	208,465,819
		388,344,379	355,807,626	393,726,233
Non-current liabilities				
Borrowings	11	204,828,992	206,996,023	210,096,707
Lease liabilities	12	-	-	1,080,789
		204,828,992	206,996,023	211,177,496
Current liabilities				
Borrowings	11	92,167,060	107,093,409	2,964,038
Lease liabilities	12	1,557,891	1,080,789	2,995,854
Due to related parties	13	30,248,414	60,267,447	6,803,481
Trade and other payables	14	394,470,500	436,811,709	328,728,403
Tax payable		-	-	445,977
		518,443,865	605,253,354	341,937,753
Total equity and liabilities		1,111,617,236	1,168,057,003	946,841,482

Approved for issue by the Board of Directors on 28 December 2020 and signed on its behalf by:

Steven Marston

Steven Marston Director

Richard Powell

Richard Powell Director

CAC 2000 LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 October 2020

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $	2019 Restated $
Revenue	15	1,258,508,478	1,120,194,094
Cost of sales		(834,652,004)	(775,572,615)
Gross Profit		423,856,474	344,621,479
Other income	19	2,544,440	47,210,722
Distribution expenses		(24,027,146)	(21,704,784)
Administrative expenses		(342,175,511)	(367,823,219)
Operating Profit		60,198,257	2,304,198
Foreign exchange gains/(loss)		1,574,542	(7,285,105)
Interest income		287,534	282,280
Finance costs	20	(29,523,580)	(28,703,851)
Profit/(Loss) before Taxation		32,536,753	(33,402,478)
Taxation	21	-	-
Net Profit/(Loss), being Total Comprehensive Income for the Year		32,536,753	(33,402,478)
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	23	0.25	(0.26)

CAC 2000 LIMITED

STATEMENT OF CHANGES IN STOCKHOLDERS' NET EQUITY

Year ended 31 October 2020

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Capital Redemption Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 31 October 2018		129,189,757	56,070,657	212,709,866	397,970,280
Correction of error	29	-	-	(4,244,047)	(4,244,047)
Restated total equity at 1 November 2018		129,189,757	56,070,657	208,465,819	393,726,233
Net loss, being total comprehensive income for the year (restated)		-	-	(33,402,478)	(33,402,478)
Dividends	22	-	-	(4,516,129)	(4,516,129)
Balances at 31 October 2019		129,189,757	56,070,657	170,547,212	355,807,626

	Note	Share Capital	Capital Redemption Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 31 October 2019 as originally presented		129,189,757	56,070,657	181,685,274	366,945,688
Correction of error	29	-	-	(11,138,062)	(11,138,062)
Restated total equity at 1 November 2019		129,189,757	56,070,657	170,547,212	355,807,626
Net profit, being total comprehensive income for the year		-	-	32,536,753	32,536,753
Balances at 31 October 2020		129,189,757	56,070,657	203,083,965	388,344,379

CAC 2000 LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 October 2020

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $	2019 Restated $
Cash Flows from Operating Activities			
Net profit/(loss)		32,536,753	(33,402,478)
Adjustments for:			
Taxation	21	-	-
Depreciation – property, plant & equipment	5	15,598,697	22,468,542
Depreciation – right of use assets		3,078,598	-
Gain on disposal of property, plant & equipment		(2,044,236)	(2,050,165)
Unrealised loss/(gains) on financial assets at fair value through profit and loss		157,706	(280,134)
Movement in expected credit loss	7	(13,240,339)	(10,412,928)
Bad debts written off		-	(41,047)
Provision for inventory obsolescence		-	203,225
Net foreign exchange losses/(gains)		893,911	1,001,334
Finance costs	20	29,523,580	23,927,351
Interest income		(287,534)	(282,280)
		66,217,136	1,131,420
Changes in operating assets and liabilities:			
Inventories		8,753,474	22,878,074
Trade and other receivables		(112,614,405)	(103,842,292)
Trade and other payables		(42,341,209)	108,083,302
Due from related parties		43,736,685	(32,343,645)
Cash (used in)/provided by operations		(36,248,319)	(4,093,141)
Tax paid		(74,836)	(514,575)
Net cash used in by operating activities		(36,323,155)	(4,607,716)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	5	(3,829,320)	(16,058,661)
Proceeds from disposal of property, plant and equipment		4,350,000	2,774,000
Interest received		287,534	282,280
Net cash provided by/(used in) investing activities		808,214	(13,002,381)
Net cash flows used in operating and investing activities brought forward to page 5		(35,514,941)	(17,610,097)

STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 October 2020

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $	2019 $
Net cash flows used in operating and investing activities brought forward from page 4		(35,514,941)	(17,610,097)
Cash Flows from Financing Activities			
Dividends paid	22	-	(4,516,129)
Repayment of bank loans		(187,093,380)	(95,503,250)
Proceeds from bank loans		170,000,000	196,531,937
Lease liabilities		(2,638,681)	(2,995,854)
Interest paid		(29,523,580)	(23,927,351)
Related parties, net		(29,732,014)	53,463,966
Net cash (used in)/provided by financing activity		(78,987,655)	123,053,319
Net (decrease)/increase in cash and cash equivalents		(114,502,596)	105,443,222
Effects of exchange rate changes on cash and cash equivalents		(893,911)	(1,001,334)
Cash and cash equivalents at beginning of year		221,483,721	117,041,833
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	106,087,214	221,483,721

1. Identification and Activities

CAC 2000 Limited (the Company) is incorporated and domiciled in Jamaica. On January 7, 2016, the Company's ordinary shares were listed on the Jamaica Junior Stock Exchange through an Initial Public Offering (Note 9). The ultimate parent company is Caribbean Air Conditioning Company Limited, a company incorporated and domiciled in St. Lucia. The principal activities of the Company are the sale of air conditioning equipment and installation and maintenance of such systems. The Company's registered office is 231 Marcus Garvey Drive, Kingston 11.

2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless stated otherwise.

(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS and complies with the provisions of the Jamaican Companies Act. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to published accounting standards effective in the current financial year

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial period. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards effective in the current financial year (continued)

IFRS 16 ‘Leases’ (effective for annual periods beginning on or after 1 January 2019). This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Refer to details of changes in the accounting policy in Note 28 and updated accounting policy in Note 2 (k).

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards effective in the current financial year (continued)

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for annual periods beginning on or after 1 January 2019). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The adoption of this amendment has not had any significant impact on the Company.

IFRIC 23, 'Uncertainty over income tax treatments' (effective for annual periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The adoption of this amendment has not had any significant impact on the Company.

Annual improvements 2015–2017 (effective for annual periods beginning on or after 1 January 2019). These amendments include minor changes to the following standards:

- IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The adoption of these amendments has not had any significant impact on the Company.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not yet effective and which the Company will adopt in future financial years. The Company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IFRS 3 – definition of a business (effective for annual periods beginning on or after 1 January 2020). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. The Company will assess impact of future adoption of these amendments on its financial statements.

Amendments to IAS 1 and IAS 8 on the definition of material (effective for annual periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The Company will assess impact of future adoption of these amendments on its financial statements.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions (effective for annual periods beginning on or after 1 June 2020). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The Company will assess impact of future adoption of these amendments on its financial statements.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (effective for annual periods beginning on or after 1 June 2020). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Company will assess impact of future adoption of these amendments on its financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Revised Conceptual Framework for Financial Reporting**,** (effective for annual periods beginning on or after 1 January 2020). The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. The Company will need to consider whether their accounting policies are still appropriate under the revised Framework.

(b) Property, plant and equipment

Property, plant and equipment are measured at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is computed on a straight-line basis at annual rates estimated to write down the property, plant and equipment to their estimated residual values at the end of their expected useful lives, as follows:

Leasehold improvements	Over the term of the lease
Plant machinery	10 years
Tools and equipment	5 years
Furniture, fixtures & equipment	10 years
Computers and related equipment	3 years
Motor vehicles	5 years

2. Significant Accounting Policies (Continued)

(b) Property, plant and equipment (continued)

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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.

(c) Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(d) Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

(e) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets

For the purpose of these financial statements, financial assets have been determined to include cash and deposits, investments, amounts due from related parties and trade, and other receivables.

2. Significant Accounting Policies (Continued)

(e) Financial instruments (continued)

Classification

The Company considers the following measurement categories in classifying its financial assets:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the business model used for managing the financial assets and the contractual terms of each cash flows. The Company's assets measured at fair value, gains and losses will be recorded in profit or loss.

Measurement

Debt instruments

Measurement financial instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. The Company considers three measurement categories when classifying its financial instruments.

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent sole payments of principal and interest, are measured at amortised cost. Interest income from financial assets is included in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on financial asset that is measured at FVPL is recognised in profit or loss in the period in which it arises.

Impairment

The Company assesses impairment on a forward-looking basis for the expected credit losses (ECL) associated with its financial assets classified at amortised cost.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using the lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECL for these receivables.

The lifetime ECL is determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

Financial liabilities

Similarly, financial liabilities include accounts payable, loans and borrowings and amounts due to related parties. They are initially measured at fair value, net of transaction cost, and are subsequently measured at amortised cost using the effective interest method.

2. Significant Accounting Policies (Continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. The cost of finished goods and work-in-progress comprises raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Accounts receivable

Trade and other receivables are measured at amortised cost, less expected credit loss.

(h) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity or its parent is provided with key management personnel services by the management entity.

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other short-term investments with maturities ranging between one and three months from the reporting date, and which are readily convertible to known amounts of cash without significant change in value.

2. Significant Accounting Policies (Continued)

(i) Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

In the case of its preference share capital, it is classified as:

- equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;
- liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary; in such case, dividends thereon are recognised as interest in profit or loss.

The Company's redeemable preference shares are classified as financial liabilities as they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends are recognised as interest expense in profit or loss as a component of net finance costs/income as accrued.

(j) Borrowing costs

Banks and other loans are recognised initially at cost. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

(k) Leases

From 1 November 2019, the following policies were applied by the Company as a lessee

The Company leases various buildings/warehouses. Rental contracts are typically made for fixed periods of 12 months to 2 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

2. Significant Accounting Policies (Continued)

(k) Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

There are no variable lease payments included in lease agreements.

Extension and termination options are included in a number of leases. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

2. Significant Accounting Policies (Continued)

(k) Leases (continued)

Accounting policy applied prior to 1 November 2019

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations to the lessor, net of finance charges, are recorded in long term liabilities.

The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicles acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

2. Significant Accounting Policies (Continued)

(l) Accounts payable

Trade and other payables are measured at amortised cost.

(m) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted, or subsequently enacted at the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

(n) Employee benefits

(i) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave for services rendered by employees up to the end of the reporting period.

(ii) Defined contribution plans

Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Significant Accounting Policies (Continued)

(o) Revenue recognition

Installation contracts

IFRS 15 requires a consistent revenue recognition method for contracts and performance obligations with similar characteristics. The Company has chosen to use percentage to completion method, using the output method, which looks at the measure of progress of the asset being transferred to the customer. The Company believes this measurement basis better reflects the pattern of transfer of control to the customer.

Contract price includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably. Under IFRS 15, claims and variations will be included in the contract accounting when they are approved. At 31 October 2020, there were no claims that do not meet the criteria for recognition.

A promise to deliver equipment and to install them can be treated as two distinct performance obligations for revenue recognition. The Company is committed to treating, as a single performance obligation, promises to deliver equipment and install them if the Company provides a significant service of integrating the good or service into a complete product for which the customer has contracted. An entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a good or service to a customer. An entity “transfers” a good of service to a customer when the customer obtains control of that good or service. Control may be transferred either at a point in time or over time. The delivery of equipment will qualify for revenue recognition at a point in time, and work done to install the equipment will be recognised at the different stages of completion to achieve the performance obligation.

Sale of equipment and service contracts

Revenue from sale of equipment and the provision of services (excluding services provided under installation contracts) is recognized when a promised good and/or service is transferred to the customer. Under IFRS 15, for certain contracts that permit the customer to return an item, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. Revenue from sale of equipment and provision of services rendered are recognized at a point in time.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for discounts, rebates and other similar allowances.

2. Significant Accounting Policies (Continued)

(p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, to different customer base, and are managed separately because they require different resources and marketing strategies.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The primary reportable segments are:

(i) Engineering – Sale and installation of industrial equipment
(ii) Residential, Light and Commercial (RLC) – Sale of smaller turnkey equipment
(iii) Service – After sale service and maintenance

The Company's operations are primarily carried out in Jamaica

Transactions between business segments have been eliminated.

(q) Net finance cost

Net finance cost comprises interest payable on long-term loan, calculated using the effective interest rate method, interest income on funds invested and foreign exchange gains and losses recognised in profit or loss.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2. Significant Accounting Policies (Continued)

(r) Foreign currencies

Transactions in foreign currencies are converted at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

(s) Dividends

Dividends are recognised in the period in which they are declared.

(t) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(u) Determination of profit and loss

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

(v) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for assessing whether a significant increase in credit risk has occurred;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar assets for the purposes of measuring ECL.

(ii) Net realisable value of inventories

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iii) Revenue recognised from installation contracts

Revenues from installation contracts are determined on the cost-plus basis with reference to the stage of completion. Estimates of the total costs of the contract is made at the initial stage of the contract and is reassessed on an ongoing basis. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. Therefore, the effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate. The changed estimates are used in the determination of the amount of revenue and expenses recognised in the statement of profit or loss and other comprehensive income in the period in which the change is made and in subsequent periods.

When the outcome of the contract cannot be estimated reliably, no profit is recognised. However, even though the outcome of the contract cannot be estimated reliably, it may be probable that total contract costs will exceed total contract revenues. In such cases, any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2020
(Expressed in Jamaican dollars unless otherwise indicated)

4. Property, Plant and Equipment

	Leasehold Improvements	Plant Machinery, Tools & Equipment	Furniture, Fixtures & Equipment	Computers & Related Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
At Cost -						
1 November 2018	23,930,008	3,996,708	4,525,611	30,590,578	58,841,523	121,884,428
Additions	3,066,970	11,423,627	676,822	891,242	-	16,058,661
Disposal	-	-	-	-	(3,619,174)	(3,619,174)
Adjustments	-	-	-	-	(601,699)	(601,699)
31 October 2019	26,996,978	15,420,335	5,202,433	31,481,820	54,620,650	133,722,216
Change in accounting policy (Note 5 & 28)	(3,041,412)	-	-	-	-	(3,041,412)
1 November 2019	23,955,566	15,420,335	5,202,433	31,481,820	54,620,650	130,680,804
Additions	-	1,638,109	616,457	1,574,754	-	3,829,320
Disposal	-	-	-	-	(3,739,077)	(3,739,077)
31 October 2020	23,955,566	17,058,444	5,818,890	33,056,574	50,881,573	130,771,047
Accumulated Depreciation -						
1 November 2018	14,242,221	3,097,410	2,025,169	24,137,704	26,527,110	70,029,614
Charge for the year	4,620,695	1,034,201	474,504	5,113,067	11,226,075	22,468,542
Relieved on disposal	-	-	-	-	(2,895,341)	(2,895,341)
31 October 2019	18,862,916	4,131,611	2,499,673	29,250,771	34,857,844	89,602,815
Charge for the year	4,443,488	1,509,764	560,146	1,773,929	7,311,370	15,598,697
Relieved on disposal	-	-	-	-	(1,433,313)	(1,433,313)
31 October 2020	23,306,404	5,641,375	3,059,819	31,024,700	40,735,901	103,768,199
Net Book Values -						
31 October 2020	649,162	11,417,069	2,759,071	2,031,874	10,145,672	27,002,848
31 October 2019	8,134,062	11,288,724	2,702,760	2,231,049	19,762,806	44,119,401

(Expressed in Jamaican dollars unless otherwise indicated)

4. Property, Plant and Equipment (Continued)

The Company leases various motor vehicles under non-cancellable lease agreements (Note 11). The lease terms are four years. At year end, the net book value of motor vehicles acquired under finance leases was $Nil (2019 - $896,919).

5. Right-of-use Assets

	Building $
Cost -	
31 October 2019	-
Change in accounting policy (Note 28)	6,157,195
1 November 2019 and 31 October 2020	6,157,195
Accumulated Depreciation -	
1 November 2019	-
Charge for the year	3,078,598
31 October 2020	3,078,598
Net Book Values -	
31 October 2020	3,078,597
1 November 2019	6,157,195

Right-of-use assets relates to rental of building/warehouse and related leasehold improvements previously classified in from property, plant and equipment of $3,041,412 (Note 4).

6. Inventories

	2020 $	2019 $
Merchandise/equipment	117,026,426	79,346,127
Work-in-progress	60,877,822	77,760,071
Service supplies/parts	105,326,980	95,940,920
Goods in transit	65,629,544	104,567,128
	348,860,772	357,614,246
Provision for obsolescence	(13,691,057)	(13,691,057)
	335,169,715	343,923,189

The cost of inventories recognised as cost of sales during the year was $583,376,556 (2019 - $539,538,275).

(Expressed in Jamaican dollars unless otherwise indicated)

7. Trade and Other Receivables

	2020 $	2019 $
Trade receivables	690,788,702	574,662,926
Less: expected credit loss	(80,402,652)	(98,863,288)
	610,386,050	475,799,638
Other receivables	19,859,091	21,361,928
Prepayments	6,414,705	13,643,536
	636,659,846	510,805,102

Included in other receivables is $Nil (2019 - $884,000) held by a financial institution and hypothecated to support performance guarantees issued by the institution on behalf of the Company.

During 2015, the Company entered into a joint arrangement with an independent third party, Inica Ingenieria de Instalaciones S.A.L (INICA), a company registered in the Dominican Republic with registered office at the INICA Business Building, Santo Domingo, to carry out infrastructure improvements and renovations of The Braco Hotel in Jamaica; and to share the profits 50:50. Included in trade receivables is $37,228,868 (2019 - $35,369,656) in relation to this venture.

Contract assets

Included in trade receivables are contract assets totaling $177,171,238 (2019 - $41,537,892). The Company distinguishes contract assets based on whether receipt of the consideration is conditional on something other than passage of time. Contract assets primarily relate to transactions where the Company satisfies a performance obligation to transfer equipment that is part of an installation contract with the customer, but the right to payment for the equipment or the service is dependent on the agreement with the customer and services that were rendered but not yet billed to the customer at year end. The contract assets are transferred to trade receivable when the right becomes unconditional, i.e. when only the passage of time is required before payment of consideration is due.

Ageing of trade receivables at the reporting date was:

	2020		
	Gross Carrying Amount $	Expected Credit Loss Rate	Expected Credit Loss $
0-30 days	185,106,700	9%	16,945,843
31-60 days	48,585,190	7%	3,595,502
61-180 days	120,841,581	10%	11,729,384
More than 180 days	336,255,231	14%	48,131,923
	690,788,702		80,402,652

(Expressed in Jamaican dollars unless otherwise indicated)

7. Trade and Other Receivables (Continued)

Ageing of trade receivables (continued)

	2019		
	Gross Carrying Amount	**Expected Credit Loss Rate**	**Expected Credit Loss**
	$		**$**
0-30 days	156,263,184	9%	14,793,288
31-60 days	45,746,767	10%	4,617,310
61-180 days	105,861,192	13%	13,605,948
More than 180 days	266,791,783	25%	65,846,742
	574,662,926		98,863,288

Movement in expected credit loss

	2020	**2019**
	$	**$**
Opening loss allowance as at 1 November	98,863,288	115,228,066
Decrease in expected credit loss recognised in income statement	(13,240,339)	(10,412,928)
Bad debt recovered	(5,220,297)	(5,910,803)
Bad debt written off	-	(41,047)
Closing loss allowance as at 31 October	80,402,652	98,863,288

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

(Expressed in Jamaican dollars unless otherwise indicated)

8. Cash and Bank Deposits

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with original maturity dates not exceeding 90 days.

	2020 $	2019 $
Cash on hand and in bank	74,900,736	144,062,014
Deposits	31,186,478	77,421,707
	106,087,214	221,483,721

Cash and cash equivalents are denominated in the following currencies:

	2020 $	2019 $
Jamaican dollars	71,973,173	129,383,930
US dollars	33,127,827	91,170,304
Other	986,214	929,487
	106,087,214	221,483,721

The weighted average effective interest rates on cash and short-term bank deposits are as follows -

	2020 %	2019 %
Cash at bank		
- J$	0.01-0.95	0.01-0.95
- US$	0.01-0.05	0.01-0.05
Short-term deposits		
- J$	1.15-1.80	0-6.58
- US$	0-1.10	0-0.75
- GBP	0.19	0.19

(Expressed in Jamaican dollars unless otherwise indicated)

9. Share Capital

	2020 No.	2019 No.
Authorised in shares -		
Ordinary units of no-par value	200,000,000	200,000,000
Fixed and variable rate cumulative redeemable preference shares	350,000,000	350,000,000

	2020 $	2019 $
Issued and fully paid as stock units -		
129,032,258 ordinary units (2019 - 129,032,258)	138,773,634	138,773,634
Less: Share issue costs	(9,583,877)	(9,583,877)
	129,189,757	129,189,757
200,000,000 fixed and variable rate cumulative redeemable preference shares (2019 - 200,000,000)	200,000,000	200,000,000
	329,189,757	329,189,757
Less: Redeemable preference shares classified as liability (Note 10)	(200,000,000)	(200,000,000)
	129,189,757	129,189,757

10. Capital Redemption Reserve

This represents the value of the cumulative redeemable preference shares redeemed from retained earnings.

11. Borrowings

	2020 $	2019 $
(i) Redeemable preference shares	200,000,000	200,000,000
(ii) Bank of Nova Scotia Jamaica Limited	6,996,052	9,089,432
(iii) Bank of Nova Scotia Jamaica Limited	90,000,000	105,000,000
	296,996,052	314,089,432

	2020 $	2019 $
Current portion of borrowings	92,167,060	107,093,409
Non-current portion of borrowings	204,828,992	206,996,023
	296,996,052	314,089,432

(Expressed in Jamaican dollars unless otherwise indicated)

11. Borrowings (Continued)

(i) Redeemable preference shares

	$
Balance at 1 November 2018	148,037,000
Redemption of preference shares	(148,037,000)
	-
Proceeds from issue of redeemable preference shares	200,000,000
Balance at 31 October 2019 and 2020	200,000,000

In 2019, the Company redeemed the preference shares previously held. A portion of the proceeds from the new preference shares issued was used to fund the redemption of the shares, the balance of $56,070,657 was transferred from retained earnings to capital redemption reserves.

$350,000,000 fixed and variable rate redeemable preference shares were authorized with an issue price of $1 per share. Of this $200,000,000 (2019 - 200,000,000) issued shares are fully paid. Redeemable preference shares do not carry the right to vote or rank equally with other shares with regard to the Company's residual assets, except that holders of redeemable preference shares participate only to the extent of the face value of the shares.

The redeemable preference shares are mandatorily redeemable at par on March 16, 2023 and the Company is obliged to pay holders of redeemable preference shares dividends of 9.5% percent per annum for the first four years and thereafter a variable rate of 3% point above the weighted average yield rate applicable to the six month Jamaica Treasury Bill Tender (WATBY), held immediately prior to the commencement of each quarterly interest period until maturity. Dividend is paid quarterly.

(ii) The loans represent amounts issued by Bank of Nova Scotia Jamaica Limited to facilitate the purchase of motor vehicles for employees. The loans are secured by charges over the motor vehicles purchased and comprehensive insurance endorsed in favour of the bank on the motor vehicles. The loans are repayable in monthly installments. Interest rates on the loans are fixed at 8% and 10.5% per annum.

(iii) This represents amounts borrowed against operating line of credit issued by Bank of Nova Scotia Jamaica Limited. The loans are repayable after six months and attracts an interest rate of 7% - 8% per annum. The loan is secured by term deposits held at other financial institutions totaling $24,664,792 (2019 - $23,434,323).

(Expressed in Jamaican dollars unless otherwise indicated)

11. Borrowings (Continued)

Movement in Liabilities from Financing Activities

	Lease Liabilities (Note 12) $	Loan Liabilities $	Redeemable Preference Shares $	Total $
Net debt as at 1 November 2018	4,076,643	13,060,745	200,000,000	217,137,388
Acquisition	-	196,531,937	-	196,531,937
Repayment	(2,995,854)	(95,503,250)	-	(98,499,104)
Dividends declared	-	-	19,000,000	19,000,000
Dividends paid	-	-	(19,000,000)	(19,000,000)
Interest charged	327,977	4,535,418	-	4,863,395
Interest paid	(327,977)	(4,535,418)	-	(4,863,395)
Net debt as at 31 October 2019	1,080,789	114,089,432	200,000,000	315,170,221
Change in accounting policy (Note 28)	3,115,783	-	-	3,115,783
Net debt as at 1 November 2019	4,196,572	114,089,432	200,000,000	318,286,004
Acquisition	-	170,000,000	-	170,000,000
Repayment	(2,638,681)	(187,093,380)	-	(189,732,061)
Dividend declared	-	-	19,052,055	19,052,055
Dividend paid	-	-	(19,052,055)	(19,052,055)
Interest charged	168,822	10,205,170	-	10,373,992
Interest paid	(168,822)	(10,205,170)	-	(10,373,992)
Net debt as at 31 October 2020	1,557,891	96,996,052	200,000,000	298,553,943

12. Lease Liabilities

The Company entered into lease agreements (2019 - finance lease agreements) for the purchase of motor vehicles and rental buildings/warehouses. Obligations under these agreements are as follows:

	2020 $	2019 $
Minimum lease payments under finance lease		
Not later than 1 year	1,699,560	1,107,943
Later than 1 year and not later than 5 years	-	-
	1,699,560	1,107,943
Future interest payments	(141,669)	(27,154)
Present value of finance lease obligations	1,557,891	1,080,789

(Expressed in Jamaican dollars unless otherwise indicated)

12. Lease Liabilities (Continued)

The present value of the lease obligations is as follows:

	2020 $	2019 $
Current	1,557,891	1,080,789
Non-current	-	-
	1,557,891	1,080,789

Lease liabilities for motor vehicles are effectively secured as the rights to the leased assets revert to the lessor in the event of default (Note 5).

The statement of comprehensive income includes the following amounts in relation to leases:

	2020 $	2019 $
Interest expense (included in finance cost)	168,823	327,977
Expense relating to short-term leases (included in administrative expenses)	8,679,664	10,246,694

There are no low value lease asset or variable lease payments included in lease liability.

13. Related Party Transactions and Balances

(a) Year end balances arising from transactions with related parties:

	2020 $	2019 $
Amounts due from related parties -		
Cool Airco Limited	-	43,077,382
Shareholders' and directors' receivable	15,963	962,285
	15,963	44,039,667
Amounts due to related parties -		
Cool Airco Limited	30,248,414	59,980,428
Due to shareholders	-	287,019
	30,248,414	60,267,447
Net liabilities	(30,232,451)	(16,227,780)

(Expressed in Jamaican dollars unless otherwise indicated)

13. Related Party Transactions and Balances (Continued)

(b) During the period, the Company had the following significant transactions with related parties in the normal course of business:

	2020 $	2019 $
Purchases - Cool Airco Limited	(95,636,111)	(99,623,911)
Administrative fees paid - Cool Airco Limited	(37,787,137)	(34,270,613)
Consultancy fees earned – Cool Airco Limited	-	44,427,711

(c) Key management personnel compensation is as follows:

	2020 $	2019 $
Salaries	35,891,322	41,088,148
Statutory contributions	2,425,945	4,009,333
Pension	180,000	180,000
	38,497,267	45,277,481
Directors' emoluments-		
Fees	3,000,000	4,000,000

14. Trade and Other Payables

	2020 $	2019 $
Trade payable	170,728,484	180,718,560
Customer deposits	153,862,612	124,213,325
Statutory contributions	3,507,537	4,487,500
Accruals	14,762,443	17,259,731
Other	51,609,424	110,132,593
	394,470,500	436,811,709

Included in other payables and accruals is $13,533,915 (2019 - $72,984,467) representing court awarded damages and other related costs (Note 24).

(Expressed in Jamaican dollars unless otherwise indicated)

15. Revenue

The Company derives revenue from the transfer of services (over time) and equipment (point in time). Gross operating revenue includes the invoiced value of goods, installation and service and amounts recognised under construction contracts. Refer to Note 25 outlining revenue by segments.

16. Expenses by Nature

Total distribution and administration expenses

	2020 $	2019 $
Directors fees	3,000,000	4,000,000
Staff costs (Note 17)	203,050,584	200,953,884
Audit fees	4,400,000	4,400,000
Expected credit loss, net	(5,765,875)	(15,674,976)
Depreciation – property, plant & equipment (Note 4)	15,598,697	22,468,542
Depreciation – right-of-use assets (Note 5)	3,078,598	-
Legal and professional fees	49,734,913	74,196,056
Promotion, advertising and entertainment	3,976,598	2,353,807
Repairs and maintenance of property, plant and equipment	4,998,077	7,451,598
Insurance	19,971,679	21,077,609
Occupancy, utilities and communication	24,632,766	28,029,776
Local and foreign travel	2,743,545	4,870,569
Office supplies and computer	12,402,917	15,785,046
Security service	4,985,670	3,668,764
Warranty and guarantee	2,640,098	102,171
Donations	6,365,600	7,039,052
Other	10,388,790	8,806,105
	366,202,657	389,528,003

(Expressed in Jamaican dollars unless otherwise indicated)

17. Staff Costs

	2020 $	2019 $
Administrative expenses -		
Salaries and wages	147,718,446	141,501,289
Statutory contributions	17,759,017	16,312,790
Pension	1,359,707	1,625,834
Other	20,792,002	26,950,485
	187,629,172	186,390,398
Selling and distribution -		
Salaries and wages	7,365,883	7,453,312
Commission	6,150,778	5,825,826
Statutory contributions	721,702	930,552
Pension	90,001	31,066
Other	1,093,048	322,730
	15,421,412	14,563,486
	203,050,584	200,953,884
Directors remuneration (Note 13)	38,497,267	45,277,481
Staff costs	164,553,317	155,676,403
	203,050,584	200,953,884

18. Retirement Scheme

The Company participates in a contributory retirement scheme for employees who have satisfied certain minimum requirements. The scheme is accounted for as a defined contribution plan in the financial statements, that is, pension contributions are expensed as and when they fall due. The scheme is administered by The Scotia Jamaica Life Insurance Company Limited, a company domiciled in Jamaica.

The Company’s contributions to the scheme for the year aggregated to $1,449,708 (2019 - $1,656,900).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2020

(Expressed in Jamaican dollars unless otherwise indicated)

19. Other Income

	2020 $	2019 $
Gain on disposal of property, plant and equipment	2,044,236	2,050,165
Consultancy fees	-	44,427,711
Other	500,204	732,846
	2,544,440	47,210,722

20. Finance Costs

	2020 $	2019 $
Interest on -		
Bank loans	10,205,170	4,535,418
Finance lease	168,823	327,977
Dividends on redeemable preference share	19,052,055	19,000,000
Other	97,532	4,840,456
	29,523,580	28,703,851

(Expressed in Jamaican dollars unless otherwise indicated)

21. Taxation

Taxation is based on net profit for the year adjusted for taxation purposes and represents income tax charged at 25%. The Company's shares were listed on the Junior Market of the Jamaica Stock exchange, effective January 7, 2016. Consequently, the Company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

Years 1 to 5	100%
Years 5 to 10	50%

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

At 31 October 2020 and 2019, the entity has no taxation charge.

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 25% as follows:

	2020 $	2019 Restated $
Profit/(Loss) before taxation	32,536,753	(26,508,463)
Tax calculated at a rate of 25%	8,134,188	(6,627,116)
Effect of:		
Effect of excess depreciation over capital allowances	8,307,866	3,458,621
Expenses disallowed	1,723,231	3,168,495
Income and other gains not subject to tax	(7,409,255)	-
Other adjustments	(5,829,748)	-
	4,926,282	-
Adjustment for the effect of tax remission	(4,926,282)	-
	-	-

(Expressed in Jamaican dollars unless otherwise indicated)

22. Dividends

Dividends and distributions paid, gross, are as follows:

	2020 $	2019 $
Interim dividend on ordinary stock units at $Nil (2019 - $0.035) per stock unit – gross	-	4,516,129

23. Earnings per Stock Unit

Earnings per ordinary stock unit, is calculated by dividing the profit attributable to shareholders by the weighted average number of stock units in issue during the year.

	2020	2019 Restated
Net profit/(loss) attributable to shareholders ($)	32,536,753	(33,402,478)
Weighted average number ordinary stock units in issue	129,032,258	129,032,258
Basic and diluted earnings per stock unit ($)	0.25	(0.26)

24. Contingencies and Commitments

(a) Litigation

Damages were assessed in favour of a claimant who brought a claim against the Company whereby the claimant was seeking to recover US$586,165 and J$1,015,171 for replacement of equipment and J$7,077,847 for loss of profit. This was appealed by the Company and the judgment delivered by the Court allowed the Company's appeal and remitted the matter to the Supreme Court for a retrial. The case was heard at a trial held December 7, 2015. On October 21, 2016, judgment was handed down in favour of the claimant. The court awarded damages of US$372,100 and J$568,186.64 plus loss of profits of $7,077,874. Interest at commercial rates and legal fees were also awarded.

On December 2, 2016, the Company's lawyers filed a Notice of Appeal. The appeal relates to the basis used by the trial Judge to determine the interest component of the award for the period June 2009 to 2016. On May 28, 2020 an offer to settle was received totaling US$445,000 and J$1,159,865. US$400,000 and J$1,159,865 was paid during the year.

Included in other payables and accruals is an accrual of $13,533,915 covering the related interest on charges for the court awarded damages and estimated legal costs payable to the claimant's lawyers.

(b) Operating lease commitments – where the Company is the lessee

Operating lease commitments represent rentals payable by the Company in respect of office buildings. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 $
Not later than 1 year	2,110,106
Later than 1 year and not later than 5 years	-
Later than 5 years	-
	2,110,106

(Expressed in Jamaican dollars unless otherwise indicated)

25. Segment Financial Information

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the related industries.

	2020			
	Engineering	**Residential Light and Commercial**	**Service**	**Total**
	$	**$**	**$**	**$**
External segment revenues	764,612,042	228,960,428	264,936,008	1,258,508,478
Segment gross profit	223,334,583	88,453,393	112,068,498	423,856,474
Timing of revenue recognition				
At a point in time	305,863,162	124,215,258	264,936,008	695,014,428
Over time	458,748,880	104,745,170	-	563,494,050
	764,612,042	228,960,428	264,936,008	1,258,508,478

	2019 Restated			
	Engineering	**Residential Light and Commercial**	**Service**	**Total**
	$	**$**	**$**	**$**
External segment revenues	665,485,994	210,929,750	243,778,350	1,120,194,094
Segment gross profit	164,351,575	71,895,626	108,374,278	344,621,479
Timing of revenue recognition				
At a point in time	318,430,698	138,247,045	243,778,350	700,456,093
Overtime	347,055,296	72,682,705	-	419,738,001
	665,485,994	210,929,750	243,778,350	1,120,194,094

26. Financial Risk Management

The Company's financial risk management policies are directed by the Board of Directors, assisted by the management. The Company's activities expose it to credit related risks, liquidity risks and market risks that include foreign currency risks and interest rate risks.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The board of directors has monitoring oversight of the risk management policies.

Derivative financial instruments are not presently used to reduce exposure to fluctuation in interest and foreign exchange rates.

Annual budgeting and the continuing monitoring of the operations of the Company against the budgets allow the Board and the management to achieve its objectives and to manage relevant financial risks that could be faced by the Company.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risks mainly arise from changes in foreign currencies and interest rates. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The main foreign currency risks of the Company are denominated in United States dollars (US$), which is the principal intervening currency for the Company; however, there are other transactions denominated in Great Britain Pound (GBP).

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities are kept at an acceptable level by monitoring the currency positions. The Company further manages the risk by maximizing foreign currency earnings and holding in foreign currency balances.

The table below summarized the currencies in which the Company's financial assets and liabilities are denominated at 31 October:

	2020		2019	
	US$	**GBP**	**US$**	**GBP**
Cash and deposits	33,127,827	986,214	91,170,304	929,487
Trade and other receivables	37,228,868	-	35,369,656	-
Due (to)/from related parties	(30,497,058)	-	43,395,156	-
Trade and other payables	(126,292,213)	-	(218,735,246)	-
Net exposure	(86,432,576)	986,214	(48,800,130)	929,487

26. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity analysis:
Average exchange rates for the US dollar, in terms of Jamaica dollars, were as follows:

	US$	GBP
At October 31, 2020	145.00	185.12
At October 31, 2019	137.76	173.34

Foreign currency sensitivity
The following tables indicate the currencies to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 6% devaluation and 2% revaluation (2019 – 6% devaluation, 4% revaluation) of the respective foreign currencies. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar-denominated deposits, amounts due to/from related parties, receivables and payables. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on profit before taxation shown below is the total of the individual sensitivities done for each of the assets/liabilities.

	Change in Currency Rate 2020 %	Effect on Profit before Tax 2020 $'000	Change in Currency Rate 2019 %	Effect on Profit before Tax 2019 $'000
Currency:				
USD	6%	(5,185,955)	4%	(1,952,005)
USD	-2%	1,728,652	-6%	2,928,008
GBP	6%	59,173	4%	37,179
GBP	-2%	(19,724)	-6%	(55,769)

The foreign currency sensitivities have varied due to the relative changes in the level of trade payables and related party balances held in foreign currency compared to that held for cash and bank deposits.

(Expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The Company manages its interest rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interests bearing financial assets are primarily represented by deposits, which have been contracted at fixed and floating interest rates for the duration of the term.

Financial liabilities subject to interest include primarily third party and related party loans which are contracted at fixed rates of interest.

The nature of the Company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period.

At the reporting date, the interest profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
	2020 $	2019 $
Fixed rate instruments		
Financial assets	31,681,742	77,068,501
Financial liabilities	(98,553,943)	(115,170,221)
	(66,872,201)	(38,101,720)
Variable rate instrument		
Financial liability	(200,000,000)	(200,000,000)
	(266,872,201)	(238,101,720)

(Expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis for fixed rate instruments

The Company's fixed rate financial instruments are not carried at fair value. Therefore, a change in interest rate would not affect the profit for the year.

Cash flow sensitivity analysis for variable rate instruments

Interest rate sensitivity has been determined based on the exposure to interest rates for the Company's short-term deposits, party loans at the end of reporting period as these are substantially the interest sensitive instruments impacting financial results.

A change of 100 (2019 - 100) basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	2020 Effect on Profit before Tax		2019 Effect on Profit before Tax	
	100bp Increase	100bp decrease	100bp Increase	100bp decrease
Cash flow sensitivity	2,000,000	2,000,000	2,000,000	2,000,000

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk exposure arises principally from cash and deposits, short-term investment, and trade and other receivables.

In relation to bank accounts and short-term deposits, the Company has a policy to deal with credit worthy counterparty to minimize credit risk exposures. The credit risk on cash and cash equivalents is limited as the Company minimises this risk by seeking to limit its obligations to substantial recognised financial institutions. In respect of trade receivables, the risk is minimised by discontinuing the services and also by making adequate provisions for uncollectible amounts.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Company addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances. The average credit period extended by the Company is 30 days. No interest is charged on trade and other receivables. The Company has provided for receivables over 180 days after due assessment and as considered necessary, because historical experience is such that receivables that are past due beyond this period are generally difficult to collect.

Impairment of financial assets

The main type of financial asset subject to expected credit loss model is trade receivables. Refer to Note 7 for details of credit exposure for trade receivable.

(Expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

The maximum credit exposure is represented by the carrying amount of the financial assets on the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and other liquid assets and maintaining the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

Ultimate responsibility for liquidity risk management rests with the board of directors and management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual maturity for its non-derivative financial liabilities, including interest payments and excluding the impact of off-setting agreements.

	2020				
	Carrying amount	Contractual cash flows	0 - 12 months	1 – 2 years	2 – 5 years
	$	$	$	$	$
Trade and other payables	394,470,500	394,470,500	394,470,500	-	-
Due to related parties	30,248,414	30,248,414	30,248,414	-	-
Borrowings	296,996,052	342,675,208	116,925,373	20,819,613	204,930,222
Lease liabilities	1,557,891	1,557,891	1,557,891	-	-
	723,272,857	768,952,013	543,202,178	20,819,613	204,930,222

(Expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2019				
	Carrying amount	**Contractual cash flows**	**0 - 12 months**	**1 – 2 years**	**2 – 5 years**
	$	**$**	**$**	**$**	**$**
Trade and other payables	436,811,709	436,811,709	436,811,709	-	-
Due to related parties	60,267,447	60,267,447	60,267,447	-	-
Borrowings	314,089,432	386,072,456	133,547,248	41,894,987	210,630,221
Lease liabilities	1,080,789	1,107,943	1,107,943	-	-
	812,249,377	884,259,555	631,734,347	41,894,987	210,630,221

(d) Capital risk management

The capital structure of the Company consists of equity attributable to the equity holders comprising issued capital and retained earnings.

The Company's objectives when managing its capital structure, which is a broader concept than the equity on the face of the statement of financial position are:

i) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for stakeholders; and

ii) Maintain a strong capital base to support the business development.

The Company's overall strategy remains unchanged from 2020.

27. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for some of the financial assets and liabilities of the Company, the fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at the end of the reporting period. Generally, judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Company would realise in a current market exchange.

The following method and assumption have been used in determining the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and deposits, trade and other receivables, trade and other payables and related party balances maturing within one year is assumed to approximate their fair value because of the short-term maturity of these instruments.

(b) Investments classified at fair value through profit and loss are measured at fair value by reference to quoted market prices.

(c) The fair value of bank loans is assumed to approximate their carrying amounts as interest rates are contractually adjusted by issuer with movement in underlying bank base rates.

28. Changes in Accounting Policies

The Company has adopted IFRS 16 Leases retrospectively from 1 November 2019 but has not restated comparatives for the year ending 31 October 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 November 2019. The new accounting policies are disclosed in Note 2 (k).

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 November 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 November 2019 was 8.5%.

Practical expedients applied

In applying IFRS 16 for the first time, the Comapny has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 November 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 November 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(Expressed in Jamaican dollars unless otherwise indicated)

28. Changes in Accounting Policies (Continued)

Measurement of lease liabilities

	2020 $
Operating lease commitments as disclosed as at 31 October 2019 (Note 24 (b))	2,110,106
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(75,112)
Add: finance lease liabilities recognised as at 31 October 2019	1,080,789
Lease liability recognised as at 1 November 2019	3,115,783
Of which are:	
Current lease liabilities	1,557,892
Non-current lease liabilities	1,557,891
	3,115,783

Measurement of right-of-use assets
The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 October 2019.

(Expressed in Jamaican dollars unless otherwise indicated)

28. Changes in Accounting Policies (Continued)

Adjustments recognised in the balance sheet on 1 November 2019

The change in accounting policy affected the following items in the balance sheet on 1 November 2019:

	31 October 2019 $	Adjustments due to Change in Accounting Policy $	1 November 2019 $
Property, plant & equipment	44,119,401	(3,041,412)	41,077,989
Right-of-use assets	-	6,157,195	6,157,195
Lease liabilities – current	1,080,789	1,557,892	2,638,681
Lease liabilities – non-current	-	1,557,891	1,557,891
Retained earnings	170,547,212	-	170,547,212

29. Correction of Prior Periods Error

Contractor's levy was being held to offset against future tax liability. Based on tax laws these amounts must be utilized in the year of assessment or must be written off against the profit and loss. This procedure was not carried out. The error resulted in a material overstatement of tax recoverable for the year ending 31 October 2019 and a corresponding understatement of cost of sales.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance sheet (extract)	31 October 2019 $	Increase/ (Decrease) $	1 November 2019 (Restated) $	31 October 2018 $	Increase/ (Decrease) $	1 November 2018 (Restated) $
Tax recoverable	14,274,091	(11,138,062)	3,136,029	7,311,478	(4,244,047)	3,067,431
Retained earnings	181,685,274	(11,138,062)	170,547,212	212,709,866	(4,244,047)	208,465,819

Statement of Comprehensive Income (extract)	2019 $	Increase/ (Decrease) $	2019 Restated $
Cost of sales	(768,678,600)	(6,894,015)	(775,572,615)
Net Loss, being Total Comprehensive Income for the Year	(26,508,463)	(6,894,015)	(33,402,478)

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of ($0.05) per share.

30. Impact of COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus, a global pandemic. Subsequently, Jamaica identified its first case of the COVID-19 virus and the government declared Jamaica a disaster area on 13 March 2020. Measures taken by both local and foreign governments to contain the virus have affected global economic activity. In response to this threat, the Company has taken several measures to protect its employees, customers and shareholders. The Company implemented measures which included safety and health protocols for its employees and other measures to reduce operating costs.

Safety measures implemented include more flexible and remote working rotation arrangement for staff, enforcing the wearing of a mask in the office, sanitization stations at every entrance as well as multiple sanitizations carried out in the main office throughout each business day. The company has also implemented measures in which to better accommodate customers and daily technicians in a safer and more effective manner throughout this period and going forward. Improved filtration and UV lights have also been installed in some public areas.

One major contributor to the reduction of operating costs were the slowing down of activities due to issues such as site shutdowns with several projects being delayed due to COVID-19 and other related reasons. Measures taken to reduce overall operating costs include, but are not limited to, a reduction in foreign and local travel and staff training as well as other costs directly affected by the reduction in employee and material movement. Lastly, in June 2020, management implemented an all-around staff pay cut to adjust the SGA/revenue (and collections) in anticipation of further reduction in cash flow for the third and fourth quarter and also to conserve working capital for the latter part of the year. Hiring and position replacements were also suspended.

The impact of COVID-19 resulted in a reduction in income for the middle two quarters of the financial year. However, there was also a reduction in operating costs due to the slowing down of operating activities as well as measures implemented by management. The Company ended the year with a positive working capital position.

Management continues to closely monitor the situation and adhere to the various government protocols and advice.

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FORM OF PROXY

I/We____

of ____

being a member/members of the above named Company, hereby appoint

____

of____

or failing him ____

of____ as my/our proxy to vote for

me and on my behalf at the 2021 Annual General Meeting of CAC 2000 Limited to be held on

September 16, 2021 at 3:00 p.m. and any adjournment thereof.

Signed this ________________ day of __________________________2021

Signature _________________________________ (Signature of primary shareholder)

Name: ___________________________________ (Name of primary shareholder)

Signature_________________________________ (Signature of secondary shareholder)

Name: ___________________________________ (Name of secondary shareholder)

NOTES

Annual report design by Heather Kong-Smith

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