CAC 2000 LIMITED

Notes to the Financial Statements
Second Quarter Ended April 30, 2021

1. Identification

CAC 2000 Limited (the Company) is incorporated and domiciled in Jamaica. The company is 52% owned by Caribbean Air Conditioning Company Limited, a company incorporated and domiciled in St. Lucia. The principal activities of the company are provision of Energy and Indoor Environmental Quality (IEQ) solutions especially around thermal comfort (which encompasses HVAC installation, maintenance and repair). The Company's registered office is 231 Marcus Garvey Drive, Kingston 11.

2. Statement of compliance and 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) and comply with the provisions of the Jamaican Companies Act.

The financial statements are presented in Jamaican dollars ($), which is the functional currency of the company. The financial statements are prepared on the historical cost basis.

3. Significant accounting policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements for the twelve months ended October 31, 2020.

4. Movements in fixed assets

	Lease Hold Building Improvement	Motor Vehicles	Plant & Machinery	Furniture & Fixtures	Computer & Peripherals	Office Equipment	Tools & Equipment	Paintings	Work-in-Progress	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost - 01/11/20	**23,956**	**50,882**	**14,274**	**3,415**	**32,992**	**1,979**	**2,785**	**-**	**425**	**130,706**
Revaluation/Adjustment	-	-	-	-	-	-	-	-	-	-
Additions	-	-	**77**	-	**327**	-	-	**5,634**	**75**	6,113
Disposal		-	**(96)**	-	-	-	-		-	(96)
Cost - 30/04/20	23,956	50,882	14,255	3,415	33,319	1,979	2,785	5,634	500	136,723
Depeciation0 - 01/11/2020	**23,306**	**40,736**	**3,426**	**2,027**	**30,954**	**1,033**	**2,221**	**-**	**-**	**103,703**
Disposal	-	-	-	**(52)**	-	-	-	-	-	(52)
Depreciation Charge - Year	**649**	**2,483**	**594**	**178**	**813**	**165**	**121**	-	-	5,004
Accumulated Depreciation	23,956	43,219	4,020	2,153	31,767	1,198	2,342	-		108,655
Net Book Value - APR 21	***(0)***	***7,663***	***10,234***	***1,262***	***1,551***	***781***	***442***	***5,634***	***500***	***28,068***
Net Book Value - OCT 20	**649**	**10,146**	**10,848**	**1,388**	**2,038**	**946**	**563**	**-**	**425**	**27,003**

5. Right-of-Use-Asset

The company occupies office and warehouse spaces for which monthly rentals are paid and terminates automatically on expiry of contract. New lease contracts are negotiated upon expiry. The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

For short-term leases, the company has elected not to recognise right-of-use assets and lease liabilities that have an unexpired lease term of 12 months or less as at November 1, 2020. The company recognises the lease payments associated with these leases as an expense over the lease term.

5a. Right-of-use assets- Property

	2021
	$
Balance at November 1, 2020	3,078,597
Depreciation	(1,539,298)
Balance as at April 30, 2021	1,539,299

5b. Lease liabilities – right of use asset

Maturities analysis- contractual undiscounted cash flows:

	$
Not later than 1 year	849,780
Later than 1 year and not later than 5 years	-
Total undiscounted lease liability at April 30, 2021	849,780
Less: future interest payments	(70,834)
	778,946

5c. Right of use lease liabilities included in the statement of financial position at April 30, 2021:

	$
Current	778,946
Non-current	-
	778,946

5. Right-of-Use-Asset (Cont'd)

Amount recognized in profit or loss – right of use asset

	$
Interest on lease liabilities	141,669
Depreciation of right of use asset	1,539,299

Amount recognized in the statement of cash flows

	$
Total cash outflow for leases - right of use asset	849,780

6. Deferred taxation

Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates. At April 30, 2021, deferred tax was accounted for because the company's 100% tax free remission status expired January 7, 2021. The company will be subjected to 50% income tax on its taxable profits from January 8, 2021 to January 7, 2026.

Assets and liabilities recognised on the statement of financial position are as follows:

	$
Deferred income tax assets	3,717,674
Deferred income tax liabilities	-
Net asset	3,717,674

The movement on the net deferred income tax balance is as follows:

	$
Net liabilities at beginning of the period	-
Deferred income taxes charged to the statement of comprehensive income; (Note 11)	3,717,674
Net asset at end of the quarter	3,717,674

7. Trade and Other Receivables

	2021	2020
	$	$
Trade	698,283,549	607,675,339
Less: expected credit loss	(75,064,293)	(97,663,768)
	623,219,256	510,011,571
Other receivables	18,733,446	11,792,969
Prepayments	16,513,808	39,822,692
	658,466,510	561,627,232

Ageing of trade receivables at the reporting date was:

	2021 Gross carrying amount $	2021 Expected Credit Loss rate	2021 Expected Credit loss $
0-30 days	139,411,080	8%	10,756,720
31-60 days	18,439,112	7%	1,359,221
61-180 days	180,600,573	10%	16,653,141
More than 180 days	359,832,784	30%	46,295,211
	698,283,549		75,064,293

	2020 Gross carrying amount $	2020 Expected Credit Loss rate	2020 Expected Credit loss $
0-30 days	164,778,109	8%	13,003,788
31-60 days	20,523,818	8%	1,697,275
61-180 days	120,866,385	11%	13,513,000
More than 180 days	301,507,027	27%	69,449,704
	607,675,339		97,663,767

As at the reporting period, (decrease)/increase in loss allowance recognised in the income statement amounted to ($5,338,359) (2020: $4,445,653). Bad debt written off/recovered against loss provision was $Nil (2020: $5,645,173).

8. Share capital

	2021	2020
	Units	Units
Authorised ordinary units of no par value	200,000,000	200,000,000
Issued ordinary units of no par value	129,032,258	129,032,258
Share capital:	$	$
Issued and fully paid ordinary stocks of no par value	138,773,634	138,773,634

The Company was listed on the Junior Market of the Jamaica Stock Exchange on January 7, 2016 through an Initial Public Offering of 129,032,258 ordinary stocks.

9. Loans and borrowings

	2021	2020
	$	$
Bank Loans:		
Motor vehicle loans	5,922,134	8,051,486
Premium financing loan	8,307,281	7,273,158
BNS revolving loan facility	55,000,000	120,000,000
Redeemable preference shares	200,000,000	200,000,000
	269,229,415	335,324,644
Less: Current portion	(64,580,632)	(129,398,808)
Non-current portion	204,648,783	205,925,836

(a) Redeemable preference shares:
350,000,000 fixed and variable rate redeemable preference shares were authorised with an issue price of $1 per share. Of this 200,000,000 are fully paid. The $200,000,000 9.5% cumulative preference shares were issued for working capital support and have been listed on the Junior Market of the Jamaica Stock Exchange. This amount is included in non-current borrowings.

10. Trade and Other Payables

	2021	2020
	$	$
Trade payable	93,475,877	88,230,031
Other payable	348,607,690	311,132,372
	442,083,567	399,362,403

Included in other payables is provision for legal costs incurred by the claimant amounting to $13,000,000.

On December 2, 2016 the company's lawyers filed a Notice of appeal contending the basis used to calculate the interest component of the award. On May 28, 2020 the claimant made an offer without prejudice for the settlement of J$1,159,864.46 and US$445,000 starting May 29, 2020 and settling in full by December 31, 2020 in six (6) installments. On December 3, 2020, the final installment was made to settle this balance.

11. Income Tax

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 company is now required to account for income tax at 50% as it is now in the second five (5) years, spanning from January 8, 2021, to January 7, 2026.

Taxation is computed on profit for the period adjusted for taxation purposes and comprises:

	2021
	$
Income tax	288,869
Deferred income taxes (Note 6)	(3,717,674)
	(3,428,805)

Income Tax (cont'd)

The taxation charge in the statement of comprehensive income account differs from the theoretical amount that would arise using the income tax rate of 25%, as follows:

Reconciliation of applicable tax charge to effective tax charge:

	2021
	$
Profit before taxation	5,273,553
Tax calculated at 25%	1,318,388
Expenses not allowed for tax purpose	1,500,288
Other charges and allowances	(2,240,938)
	577,738
Adjustment for effect of remission (50%)	(288,869)
	288,869