KNUTSFORD EXPRESS SERVICES LIMITED

GROUP FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2021

KNUTSFORD EXPRESS SERVICES LIMITED

GROUP FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2021

CONTENTS

CrichtonMullings

Rohan Crichton, CPA, CA, MAcc
senior partner
Leary C. Mullings, CPA, CA, MBA
senior partner

Chartered Accountants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of Knutsford Express Services Limited (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group") set out on pages 7 to 44. These financial statements comprise the Group and the Company statements of financial position as at May 31, 2021, the Group and Company statements of comprehensive income, the Group and Company statements of changes in equity, and the Group and Company statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the financial position of the Group as at May 31, 2021, and of its separate and consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Jamaican Companies Act (the "Act").

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 Consolidated Financial Statements section of our report*. We are independent of the Company and Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report (cont'd)

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Key audit matters (cont'd)

Key Audit matters	How the matter was addressed in our audit
1) Goodwill Impairment Assessment	
The Group had goodwill of $11,075,500 arising from the acquisition of Davis Tours by KE Connect US LLC and SouthCoast Express Limited by Knutsford Express Services Limited.	Our audit procedures to address the key audit matter relating to the impairment of goodwill assessment included the following: i) We have reviewed management's assertions, including the identification of the underlying cash generating assets.
The annual impairment assessment requires management's judgement in determining estimated future earnings from the coaches, taking into consideration going concern ability, inflation rate, growth rate and other underlying assumptions.	ii) We have assessed and reviewed the Group's performance and the ability of each company within the Group to continue as a going concern. The analysis of the external and internal environments takes into account the current Covid-19 pandemic and its impact on the transportation industry in light of the restrictive measures and protocols which have been implemented to control the pandemic. Based on the procedures performed an impairment loss of $6,575,500 was recognised by the Group in the profit and loss resulting from the goodwill on the acquisition of Davis Tours as KE Connect US LLC has not operated since March 2020 due to Covid-19 pandemic (see note 5).
2) Related Party Balance Impairment Assessment	
The Company has related party balances due from its three (3) subsidiaries: KE Connect Limited, KE Connect US LLC and Knutsford Express Investments Limited.	Our audit procedures to address the key audit matter relating to the impairment of related party balance assessment included the following:
Management is required to use its judgement in assessing the ability of each subsidiary to repay the amounts owing to its parent company.	i) We reviewed the operating results and projected plans for each subsidiary to assess their ability to generate sustainable cashflows to repay the parent company. ii) We have assessed and reviewed each subsidiary's ability to continue as a going concern in light of the impact of the Covid-19 pandemic on the transportation industry. Based on the procedures performed an impairment loss of $101,898,051 was recognised by the Company in the profit and loss resulting from the balance due from KE Connect US LLC which has not operated since March 2020 due to the Covid-19 pandemic (See note 9).

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Independent Auditor's Report (cont'd)

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Key audit matters (cont'd)

Key Audit matters	How the matter was addressed in our audit
3) Motor Vehicle Impairment Assessment	
The Group has motor vehicles with net book value totaling $335,457,462 which represents 3% of the Group's total assets.	Our audit procedures to address the key audit matter relating to the impairment of motor vehicle assessment included the following:
Management is required to use its judgement to assess the recoverable amount of assets which is the higher of fair value less costs to sell and value in use. The value in use is assessed by estimating the discounted future cashflows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the motor vehicles.	i) We have reviewed management's assessment of each company' ability within the Group to utilize its motor coaches to generate future cashflows. ii) We have reviewed each company's ability to continue to operate as a going concern in light of the impact of Covid-19 pandemic on the transportation industry and the general economy in light of the restrictive measures and protocols which have been implemented to control the pandemic. iii) We reviewed the recoverable amount for motor coaches in KE Connect US LLC using the fair value as the entity has not operated since March 2020 due to the Covid-19 pandemic and there is uncertainty as to when its operations will resume. Based on the procedures performed an impairment loss of $9,356,593 was recognised by the Group in the profit and loss as KE Connect US LLC has not operated since March 2020 due to Covid-19 pandemic (see note 6).

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Other information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 to the Board of Directors.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group's, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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Independent Auditor's Report (cont'd)

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Auditor's responsibilities for the audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix of this auditor's report. This description, which is located at page 6, forms part of our auditor's report.

Report on additional matters as required by the 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 maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner resulting in this independent auditor's report is Rohan Crichton.

CrichtonMullings & Associates
Chartered Accountants

Kingston, Jamaica
September 10, 2021

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Appendix to the independent auditor's report

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated 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 matters 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.

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2021

	Notes	2021 $	2020 $
ASSETS			
Non-current Assets			
Goodwill	5	**4,500,000**	11,075,500
Property, plant and equipment	6	**770,204,944**	849,076,614
Right-of-use asset	7	**140,568,760**	11,300,228
Investment property	8	**110,449,415**	-
Related party - lease deposit	11	**4,000,000**	4,125,000
Term deposit - restricted	12	**2,728,148**	2,685,104
		1,032,451,267	878,262,446
Current Assets			
Inventories	13	**16,619,559**	25,015,653
Other assets	14	**22,140,319**	26,207,326
Taxation recoverable	24	**57,045**	-
Short term investments	15	**101,636,251**	123,599,054
Cash and bank balances	16	**58,876,308**	39,460,869
		199,329,482	214,282,902
Total Assets		**1,231,780,749**	1,092,545,348
EQUITY & LIABILITIES			
Equity			
Share capital	17	**51,805,097**	51,805,097
Accumulated surplus		**613,983,337**	713,603,624
		665,788,434	765,408,721
Non-current Liabilities			
Non-current portion of lease liability	7	**130,769,253**	4,184,285
Notes payable	19	**23,617,736**	20,474,133
Bonds payable	20	**300,000,000**	200,000,000
Shareholders' loan	21	**452,840**	452,840
Deferred tax liability	22	**13,265,278**	20,056,882
		468,105,107	245,168,140
Current Liabilities			
Accounts payable and accrued charges	23	**66,137,791**	50,558,890
Current portion of notes payable	19	**20,655,857**	20,119,635
Current portion of Lease liability	7	**11,093,560**	7,499,178
Taxation payable	24	**-**	3,790,784
		97,887,208	81,968,487
Total Equity and Liabilities		**1,231,780,749**	1,092,545,348

Approved for issue by the Board of Directors on September 10, 2021 and signed on its behalf by:

Anthony Copeland
Director

Oliver Townsend
Director

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2021

	Notes	2021	2020
		$	$
Revenues	4	**630,011,825**	1,021,678,892
Less:			
Administrative and general expenses	25	**(715,364,531)**	(974,847,339)
		(85,352,706)	46,831,553
Other income		**50,818**	9,611
Operating (loss) / profit	26	**(85,301,888)**	46,841,164
Finance income	27	**13,918,433**	19,329,832
Impairment loss - goodwill	5	**(6,575,500)**	-
Impairment loss - motor vehicles	6	**(9,356,593)**	-
Finance costs	28	**(15,292,426)**	(23,651,780)
(Loss) / profit before taxation		**(102,607,974)**	42,519,216
Taxation (credit) / charge	29	**(6,625,954)**	8,960,549
Net (loss) / profit for the year		**(95,982,020)**	33,558,667
Other comprehensive loss:			
Items that will never be reclassified to profit or loss:			
Currency translation loss on foreign subsidiary		**(3,638,267)**	**(7,796,262)**
Total comprehensive (expense) / income for the year		**(99,620,287)**	**25,762,405**
Earnings per share for (loss) / profit attributable to the shareholders of the Company during the year	18	**($0.19)**	**$0.07**

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2021

	Share Capital $	Accumulated Surplus $	Total $
Balance at May 31, 2019	51,805,097	727,841,219	779,646,316
Transactions with owners:			
Dividends paid, being total distribution to owners	-	(40,000,000)	(40,000,000)
Total transactions with owners	-	(40,000,000)	(40,000,000)
Net profit for the year	-	33,558,667	33,558,667
Other comprehensive loss for the year:			
Currency translation loss on foreign subsidiary	-	(7,796,262)	(7,796,262)
Total comprehensive income for the year	-	25,762,405	25,762,405
Balance at May 31, 2020	51,805,097	713,603,624	765,408,721
Net loss for the year	-	(95,982,020)	(95,982,020)
Other comprehensive loss for the year:			
Currency translation loss on foreign subsidiary	-	(3,638,267)	(3,638,267)
Total comprehensive expense for the year	-	(99,620,287)	(99,620,287)
Balance at May 31, 2021	**51,805,097**	**613,983,337**	**665,788,434**

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2021

	Notes	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / profit for the year		**(95,982,020)**	33,558,667
Adjusted for:			
Depreciation and amortisation		**125,770,308**	114,876,718
Depreciation on right-of-use asset		**10,274,006**	7,977,692
Interest expense on right-of-use asset		**997,653**	1,075,962
Loan interest expense		**4,220,464**	4,243,813
Impairment - goodwill		**6,575,500**	-
Impairment - motor vehicles		**9,356,593**	-
Taxation (credit) / charge		**(6,625,954)**	8,960,549
Translation adjustment		**(3,638,267)**	(7,796,262)
		50,948,283	162,897,139
Decrease / (increase) in operating assets:			
Other assets		**4,067,007**	9,041,600
Inventories		**8,396,094**	(2,358,409)
Increase in operating liabilities:			
Accounts payable and accrued charges		**15,578,901**	1,679,036
		78,990,285	171,259,366
Income tax paid		**(4,013,479)**	(3,881,814)
Net cash provided by operating activities		**74,976,806**	167,377,552
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisition of property, plant and equipment	6	**(56,130,231)**	(231,124,955)
Acquisition of investment property		**(110,449,415)**	-
Encashment / (placement) of investment		**21,962,803**	(1,136,856)
Net cash used in investing activities		**(144,616,843)**	(232,261,811)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**-**	(40,000,000)
Term deposit - restricted		**(43,044)**	(29,094)
Lease liability, net		**(10,360,841)**	(8,670,419)
Proceeds from bond payable		**100,000,000**	50,000,000
Proceeds from notes payable		**15,095,400**	-
Repayment of notes payable		**(11,415,575)**	(24,827,285)
Loan interest expense paid		**(4,220,464)**	(4,243,813)
Net cash provided by / (used in) financing activities		**89,055,476**	(27,770,611)
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES		**19,415,439**	(92,654,870)
OPENING CASH AND BANK BALANCES		**39,460,869**	132,115,739
CLOSING CASH AND BANK BALANCES		**58,876,308**	39,460,869

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2021

	Notes	2021 $	2020 $
ASSETS			
Non-current Assets			
Goodwill	5	4,500,000	4,500,000
Property, plant and equipment	6	708,149,922	482,955,172
Right-of-use asset	7	140,568,760	11,300,228
Due from subsidiaries	9	219,873,955	475,969,449
Investment in subsidiaries	10	1,327,100	1,327,100
Related party - lease deposit	11	4,000,000	4,125,000
Term deposit - restricted	12	2,728,148	2,685,104
		1,081,147,885	982,862,053
Current Assets			
Inventories	13	16,619,559	25,015,653
Other assets	14	21,808,694	18,993,723
Taxation recoverable		216,095	-
Short term investments	15	101,636,251	123,599,054
Cash and bank balances	16	48,119,975	31,118,685
		188,400,574	198,727,115
Total Assets		1,269,548,459	1,181,589,168
EQUITY & LIABILITIES			
Equity			
Share capital	17	51,805,097	51,805,097
Accumulated surplus		650,957,753	806,920,906
		702,762,850	858,726,003
Non-current Liabilities			
Non-current portion of lease liability	7	130,769,252	4,184,285
Notes payable	19	23,617,736	20,474,133
Bonds payable	20	300,000,000	200,000,000
Shareholders' loan	21	452,840	452,840
Deferred tax liability	22	18,251,130	25,042,734
		473,090,958	250,153,992
Current Liabilities			
Accounts payable and accrued charges	23	61,945,234	41,299,576
Current portion of notes payable	19	20,655,857	20,119,635
Current portion of lease liability	7	11,093,560	7,499,178
Taxation payable	24	-	3,790,784
		93,694,651	72,709,173
Total Equity and Liabilities		1,269,548,459	1,181,589,168

Approved for issue by the Board of Directors on September 10, 2021 and signed on its behalf by:

Anthony Copeland
Director

Oliver Townsend
Director

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2021

	Notes	2021	2020
		$	$
Revenues	**4**	**625,972,571**	991,391,387
Less:			
Administrative and general expenses	**25**	**(685,933,916)**	(900,147,983)
		(59,961,345)	91,243,404
Other income		**50,818**	9,611
Operating (loss) / profit	**26**	**(59,910,527)**	91,253,015
Finance income	**27**	**13,918,433**	19,329,832
Impairment loss - related party	**9**	**(101,898,051)**	-
Finance costs	**28**	**(14,864,612)**	(22,716,357)
(Loss) / profit before taxation		**(162,754,757)**	87,866,490
Taxation (credit) / charge	**29**	**(6,791,604)**	8,960,549
Net (loss) / profit, being total comprehensive (expense) / income for the year		**(155,963,153)**	78,905,941

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2021

	Share Capital $	Accumulated Surplus $	Total $
Balance at May 31, 2019	51,805,097	768,014,965	819,820,062
Transactions with owners:			
Dividends paid, being total distribution to owners	-	(40,000,000)	(40,000,000)
Total transactions with owners	-	(40,000,000)	(40,000,000)
Net profit, being total comprehensive income for the year	-	78,905,941	78,905,941
Balance at May 31, 2020	51,805,097	806,920,906	858,726,003
Net loss, being total comprehensive expense for the year	-	(155,963,153)	(155,963,153)
Balance at May 31, 2021	**51,805,097**	**650,957,753**	**702,762,850**

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2021

	Notes	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / profit for the year		**(155,963,153)**	78,905,941
Adjusted for:			
Depreciation and amortisation		**110,323,114**	100,011,453
Depreciation on right-of-use asset		**10,274,006**	7,977,692
Interest expense on right-of-use asset		**997,653**	1,075,962
Impairment loss on related party balance		**101,898,051**	-
Loan interest expense		**4,220,464**	4,243,813
Taxation (credit) / charge		**(6,791,604)**	8,960,549
		64,958,531	201,175,410
(Increase) / decrease in operating assets:			
Other assets		**(2,814,971)**	4,543,191
Inventories		**8,396,094**	(2,358,409)
Due from subsidiaries		**154,197,443**	(177,770,494)
Increase in operating liabilities:			
Accounts payable and accrued charges		**20,645,658**	1,671,515
		245,382,755	27,261,213
Income tax paid		**(4,006,879)**	(3,881,814)
Net cash provided by operating activities		**241,375,876**	23,379,399
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	**6**	**(335,392,864)**	(90,474,989)
Encashment / (placement) of investment		**21,962,803**	(1,136,856)
Net cash used in investing activities		**(313,430,061)**	(91,611,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**-**	(40,000,000)
Term deposit - restricted		**(43,044)**	(29,094)
Lease liability, net		**(10,360,842)**	(8,670,419)
Proceeds from bond payable		**100,000,000**	50,000,000
Proceeds from notes payable		**15,095,400**	-
Repayment of notes payable		**(11,415,575)**	(24,827,286)
Loan interest expense paid		**(4,220,464)**	(4,243,813)
Net cash provided by / (used in) financing activities		**89,055,475**	(27,770,612)
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES		**17,001,290**	(96,003,058)
OPENING CASH AND BANK BALANCES		**31,118,685**	127,121,743
CLOSING CASH AND BANK BALANCES		**48,119,975**	31,118,685

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

1. IDENTIFICATION

Knutsford Express Services Limited (the "Company ") is incorporated in Jamaica under the Jamaican Companies Act (the "Act").

The Company is domiciled in Jamaica, with its registered office located at 1222 Providence Drive, Montego Bay, St. James.

On January 14, 2014, the Company became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016.

The Company has three wholly owned subsidiaries, KE Connect Limited, KE Connect US LLC and Knutsford Express Investments Limited (the "Subsidiaries").

KE Connect Limited and Knutsford Express Investments Limited, and are both registered and domiciled in Jamaica with their registered offices at 1310 Providence Drive, Montego Bay, St. James, respectively. KE Connect Limited provides convenient connections to the island's international airports while Knutsford Express Investments Limited undertakes property development and other investments initiatives.

KE Connect US LLC is incorporated in the state of Florida and is domiciled in Florida with its registered office located at 500 SW Third Ave, Fort Lauderdale FL 33315. The subsidiary provides premium bus / coach charter services.

The Company and the subsidiaries are collectively referred to as the "Group". The principal activity of the Group is the provision of transportation and courier services.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

The Group's financial statements have been prepared in accordance with and compliance with International Financial Reporting Standards ("IFRS") and the relevant requirements of the Act.

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

(b) Consolidation

(i) Subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date the control commences until the date the control ceases.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Consolidation (cont'd)

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains.

(c) Changes in accounting standards and interpretations:

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

- *IAS 1 'Presentation of Financial Statements - Amendment', issued October 2018,*

  Effective for annual periods commencing on or after 1 January 2020. IAS 1 clarifies the definition of 'material' and align the definition used in the Conceptual Framework and standards

- *IFRS 3 'Definition of a Business- Amendment', issued October 2018.*
  Effective for periods commencing on or after 1 January 2020. These amendments are changes to Appendix A Defined terms, the application guidance, and the illustrative examples. These clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

- *IFRS 9 'Financial Instruments - Amendment', issued September 2019*

  Effective for periods commencing on or after 1 January 2020. IFRS 9 clarifies that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from hedging instrument are based will not be altered as a result of interest rate benchmark reform.

- *IFRS 16 'Leases - A Covid-19-Related Rent Concessions Amendment', issued May 2020.*

  Effective for periods commencing on or after 1 June 2020. The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

- *References to Conceptual Framework in IFRS Standards - Amendment, issued May 2018*
  Effective for periods commencing on or after 1 January 2020.

The Group has concluded that the adoption of the standards, amendments and interpretations, which are relevant in current periods do not have any material impact on the financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Changes in accounting standards and interpretations (cont'd):

The Group has identified the following revised or new International Financial Reporting Standards, Amendments and Interpretations which have been issued but are not yet effective, and which have not been adopted early. Those which may be relevant to the Group's operations are as follows:

- *IAS 1 'Classification of liabilities as current or non-current' - Amendment', issued January 23, 2020*
  Effective for annual periods commencing on or after 1 January 2023. The amendments to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- *IAS 8 'Definition of Accounting Estimates - Amendment', issued February 12, 2021.*
  Effective for annual periods commencing on or after 1 January 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- *IAS 16 'Property, Plant and Equipment - Proceeds before intended use - Amendment' issued May 14, 2020*
  Effective for annual periods commencing on or after 1 January 2022. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- *IAS 37 'Onerous Contracts-Cost of Fulfilling a Contract- Amendment', issued May 2020*

  Effective for periods commencing on or after 1 January 2022. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- *Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9, IFRS 16)', issued May 2020*
  Effective for periods commencing on or after 1 January 2022

- *References to Conceptual Framework in IFRS 3 - Amendment, issued May 2020*
  Effective for periods commencing on or after 1 January 2022

The Group anticipates that the adoption of the standards, amendments and interpretations, which are relevant in future periods is unlikely to have any material impact on the financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, as well as estimates, based on assumptions, that affect the application of accounting policies, and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts may differ from these estimates. The estimates, and the assumptions underlying them, 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 material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) Critical accounting judgements in applying the Group's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

(a) Classification of financial assets:
The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(b) Impairment of financial assets:
Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(c) Depreciable assets
Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(d) Impairment of goodwill
The Group reviews the carrying amounts of goodwill to determine whether there is any indication that it has suffered an impairment loss. In making such a determination, the Group estimates the recoverable amount of the goodwill. The recoverable amount is the higher of fair value less costs to sell and value in use. The Group assesses value in use by estimating future discounted cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the specific asset. If the recoverable amount of goodwill is estimated to be less than its carrying amount then an impairment loss is recognised by the Group.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

(ii) Key assumptions and other sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(a) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from loan receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

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

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimate the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainly inherent in such estimates.

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

- Determining criteria for significant increase in credit risk;
- 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 financial assets for the purposes of measuring ECL.

(b) Leases - estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are recorded at historical cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of replacing part of an item is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing of furniture, fixtures and equipment are recognized in the statement of comprehensive income as incurred.

With the exception of freehold land, depreciation is recognised in the statement of comprehensive income on the straight-line basis, over the estimated useful lives of the assets. The rates of depreciation in use are:

Furniture, fixtures and equipment	10%
Computers	20%
Motor vehicles	12.5%
Leasehold improvement	10%

Property, plant and equipment are periodically reviewed for impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written immediately to its recoverable amount.

(b) Other assets

Accounts and other receivables are stated at amortized cost.

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(c) Accounts payable and accrued charges

Accounts payable and accrued charges are stated at amortized cost.

(d) Cash and bank balances

Cash comprises cash in hand and cash at bank.

(e) Inventories

Inventories comprise parts, maintenance items and other accessories which are utilised for the maintenance of the Group's motor vehicles. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Group operates (the functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received from the provision of transportation and courier services in the normal course of business, net of discounts, rebates and consumption taxes. Revenue is recognized in the statement of comprehensive income once the transportation and courier services have been provided to the customer and the receipt of the consideration is probable.

Interest income is recognised on a proportionate basis using the effective interest rate (EIR) method.

(h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the short-term lease recognition exemption to its short-term leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are considered short-term.

(i) Goodwill

Goodwill which represents contracts rights with vendors and customer listings are deemed to have indefinite life. Goodwill is carried at costs less impairment. The Group assesses goodwill for impairment at least on an annual basis or when events or circumstances indicate that the carrying value may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns and incur expenses; whose operation results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") who decides about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.
Based on the information presented to and reviewed by the CODM, the operations of the Group are segmented geographically into Jamaica and United States of America (USA).

(k) Taxation

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

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustments to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the statement of financial position date.

A deferred tax asset is recognised only to the extent management can demonstrate that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Related party identification

A party is related to the Group if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the Group;
- has an interest in the Group that gives it significant influence over the Group; or
- has joint control over the Group.

(ii) the party is an associate of the Group.

(iii) the party is a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group.

(v) the party is a close member of the family of an individual referred to in (i) or (iv) above

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any company that is a related party of the Group.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

In these financial statements, financial assets comprise short term investments, cash and bank balances, other receivables, deposits and related party receivables. Financial liabilities comprise accounts payable, bonds and notes payable.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cashflows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of other' business model and measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (cont'd)

Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in two categories:

- Amortised cost; or
- Fair value through profit or loss (FVTPL).

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes short term investments and other receivables, due from related parties and cash and bank balances.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) on the financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12- month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment (cont'd)

For receivables, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For other financial assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

The Group’s financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(n) Dividends

Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are approved by the Group's Board of Directors.

(o) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

4. REVENUES

Revenues represent income earned from the provision of transportation and courier services excluding discounts, and general consumption tax.

5. GOODWILL

Group	$
Cost:	
Balance at May 31, 2019	11,075,500
Additions	-
Balance at June 1, 2020	11,075,500
Impairment loss on goodwill (i)	(6,575,500)
Balance at May 31, 2021	**4,500,000**

Company	
Cost:	
Balance at May 31, 2019 (ii)	4,500,000
Additions	-
Balance at June 1, 2020	4,500,000
Impairment	-
Balance at May 31, 2021	**4,500,000**

(i) KE Connect US LLC acquired Davis Tours which resulted in a goodwill of US$50,000. KE Connect US LLC, based in Florida, USA, has not operated since March 2020 due to the Covid-19 pandemic and there is uncertainty as to when its operations will resume. Based on assessment undertaken, the balance is deemed impaired.

(ii) Goodwill resulted from the acquisition of SouthCoast Express Limited.

The Group assesses the impairment of goodwill at least on an annual basis or when events or circumstances indicate that the carrying value may be impaired.

6. PROPERTY, PLANT AND EQUIPMENT

Group:

	Computer $	Furniture Fixtures and Equipment $	Leasehold Improvement $	Freehold Land $	Motor Vehicles $	Leasehold Building $	Work-In Progress $	Total $
At Cost:								
Balance at May 31, 2019	28,777,134	103,986,221	65,341,997	141,052,178	711,256,663	-	-	1,050,414,193
Additions	19,036,663	8,861,922	6,734,387	138,210,455	58,281,528	-	-	231,124,955
Balance at May 31, 2020	47,813,797	112,848,143	72,076,384	279,262,633	769,538,191	-	-	1,281,539,148
Balance at June 1, 2020	47,813,797	112,848,143	72,076,384	279,262,633	769,538,191	-	-	1,281,539,148
Additions	8,948,564	9,084,154	5,236,618	-	3,400,000	180,853,465	127,870,063	335,392,864
Asset impairment (i)	-	-	-	-	(9,356,593)	-	-	(9,356,593)
Transfer from freehold land	-	-	-	(279,262,633)	-	-	-	(279,262,633)
Balance at May 31, 2021	**56,762,361**	**121,932,297**	**77,313,002**	**-**	**763,581,598**	**180,853,465**	**127,870,063**	**1,328,312,786**
Accumulated Depreciation:								
Balance at May 31, 2019	14,645,051	46,912,892	14,639,989	-	241,512,884	-	-	317,710,816
Charge for the year	7,396,597	10,886,898	6,859,619	-	89,608,604	-	-	114,751,718
Balance at May 31, 2020	22,041,648	57,799,790	21,499,608	-	331,121,488	-	-	432,462,534
Balance at June 1, 2020	22,041,648	57,799,790	21,499,608	-	331,121,488	-	-	432,462,534
Charge for the year	7,899,253	11,786,468	7,482,859	-	97,002,648	1,474,080	-	125,645,308
Balance at May 31, 2021	**29,940,901**	**69,586,258**	**28,982,467**	**-**	**428,124,136**	**1,474,080**	**-**	**558,107,842**
Net book value:								
At May 31, 2019	14,132,083	57,073,329	50,702,008	141,052,178	469,743,780	-	-	732,703,378
At May 31, 2020	25,772,149	55,048,353	50,576,776	279,262,633	438,416,703	-	-	849,076,614
At May 31, 2021	**26,821,460**	**52,346,039**	**48,330,535**	**-**	**335,457,462**	**179,379,385**	**127,870,063**	**770,204,944**

(i) This impairment relates to motor coaches owned by a subsidiary, KE Connect US LLC, based in Florida, USA which has been written down to present expected realisable values (see note 5).

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company:

	Computer	Furniture Fixtures and Equipment	Leasehold Improvement	Motor Vehicles	Leasehold Building	Work-In Progress	Total
	$	$	$	$	$	$	$
At Cost:							
Balance at May 31, 2019	28,318,815	99,951,852	64,812,948	600,568,191	-	-	793,651,806
Additions	18,041,804	7,877,258	6,274,399	58,281,528	-	-	90,474,989
Balance at May 31, 2020	46,360,619	107,829,110	71,087,347	658,849,719	-	-	884,126,795
Balance at June 1, 2020	46,360,619	107,829,110	71,087,347	658,849,719	-	-	884,126,795
Additions	8,948,564	9,084,154	5,236,618	3,400,000	180,853,465	127,870,063	335,392,864
Balance at May 31, 2021	**55,309,183**	**116,913,264**	**76,323,965**	**662,249,719**	**180,853,465**	**127,870,063**	**1,219,519,659**
Accumulated Depreciation:							
Balance at May 31, 2019	14,596,394	46,773,616	14,623,795	225,291,364	-	-	301,285,169
Charge for the year	7,107,510	10,417,742	6,792,405	75,568,797	-	-	99,886,454
Balance at May 31, 2020	21,703,904	57,191,358	21,416,200	300,860,161	-	-	401,171,623
Balance at June 1, 2020	21,703,904	57,191,358	21,416,200	300,860,161	-	-	401,171,623
Charge for the year	7,601,056	11,238,766	7,382,450	82,501,762	1,474,080	-	110,198,114
Balance at May 31, 2021	**29,304,960**	**68,430,124**	**28,798,650**	**383,361,923**	**1,474,080**	**-**	**511,369,737**
Net book value:							
At May 31, 2019	13,722,421	53,178,236	50,189,153	375,276,827	-	-	492,366,637
At May 31, 2020	24,656,715	50,637,752	49,671,147	357,989,558	-	-	482,955,172
At May 31, 2021	**26,004,223**	**48,483,140**	**47,525,315**	**278,887,796**	**179,379,385**	**127,870,063**	**708,149,922**

7. RIGHT-OF-USE ASSET

	Group and Company
	$
At Valuation:	
Balance at June 1, 2019	-
Additions	19,277,920
Balance at May 31, 2020	19,277,920
Balance at June 1, 2020	19,277,920
Additions	139,542,538
Balance at May 31, 2021	**158,820,458**
Depreciation charge for right-of use asset:	
Balance at June 1, 2019	-
Charge for the year	7,977,692
Balance at May 31, 2020	7,977,692
Balance at June 1, 2020	7,977,692
Charge for the year	10,274,006
Balance at May 31, 2021	**18,251,698**
Net Book Value:	
Balance at May 31, 2021	**140,568,760**
Balance at May 31, 2020	11,300,228

Lease Liability:	**2021**	2020
	$	$
Non-current lease liability	**130,769,253**	4,184,285
Current lease liability	**11,093,560**	7,499,178

On June 1, 2020, the applicable operating leases were recognised by the Group as a right-of-use asset with a corresponding lease liability. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's annual incremental borrowing rate 7.25%.

8. INVESTMENT PROPERTY

This represents the cost of land located at Drax Hall Estate, St. Ann, for Knutsford Express Investments Limited.

	Group	
	2021	**2020**
	$	**$**
Cost of land at the end of the year:	**110,449,415**	**-**

9. DUE FROM SUBSIDIARIES

	Company	
	2021	2020
	$	$
KE Connect Limited	**81,982,408**	79,395,192
KE Connect US LLC (i)	**28,454,732**	117,317,624
Knutsford Express Investments Limited (ii)	**109,436,815**	279,256,633
	219,873,955	475,969,449

These represent advances to the subsidiaries by the Company. The loans are interest free, unsecured and have no fixed date of repayment.

(i) The reduction in the related party balance is as a result of the recognition of impairment loss due to KE Connect US LLC's inability to resume operations since the inception of the Covid-19 pandemic in March 2020.

(ii) Costs related to the construction of the Drax Hall terminal were transferred to leasehold building (see note 6).

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	$	$
KE Connect Limited	**6,000**	6,000
Knutsford Express Investments Limited	**6,000**	6,000
KE Connect US LLC	**1,315,100**	1,315,100
	1,327,100	1,327,100

These are wholly owned subsidiaries of the Company.

11. RELATED PARTY - LEASE DEPOSIT

	Group and Company	
	2021	2020
	$	$
Balance at the start of the year	**4,125,000**	4,250,000
Current amount amortised during the year	**(125,000)**	(125,000)
Balance at the end of the year	**4,000,000**	4,125,000

Lease deposit represents amounts advanced to a related company, Storage Solutions Limited, for the usage of leased property over forty (40) years. The amount is amortised over the life of the lease.

12. TERM DEPOSIT – RESTRICTED

Group and Company	
$	$
2,728,148	2,685,104

The term deposit is held with National Commercial Bank Jamaica Limited (NCB) at interest rate of 1.7% (2020: 2.4%) per annum. The term deposit is used to secure a loan from NCB (see note 19).

13. INVENTORIES

	Group and Company	
	2021	2020
	$	$
	16,619,559	25,015,653

Inventories represent unused parts and accessories as at the year end which are used for the maintenance of the Group's motor vehicles.

14. OTHER ASSETS

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Accounts receivable	**1,642,630**	7,543,223	**1,311,005**	5,499,363
Deposit on motor vehicles	**8,301,853**	2,303,671	**8,301,853**	2,303,671
Deposit on assets	**8,439,744**	-	**8,439,744**	-
Prepayments	**-**	12,080,283	**-**	6,910,440
Other receivables	**3,756,092**	4,280,149	**3,756,092**	4,280,249
	22,140,319	26,207,326	**21,808,694**	18,993,723

15. SHORT TERM INVESTMENTS

	Group and Company	
	2021	2020
	$	$
Proven Wealth (i)	**18,037,982**	16,759,273
NCB fixed deposits (ii)	**36,551,528**	34,824,613
First Global Bank (iii)	**-**	28,362,557
JMMB Investment (iv)	**47,046,741**	43,652,611
	101,636,251	123,599,054

(i) This represents indexed linked notes totaling US$121,467 (2020: US$117,728) which matures on March 23, 2022 and earn interest at 3.25% (2020: 3.15%) per annum.

(ii) These represent term deposits of US$246,137 and JMD$2,728,148 (2020: US$244,631 and JMD$2,693,640) which earns interest at 0.75% and 1.17% respectively (2020: 0.90% and 3.35%) per annum.

(iii) This was a JMD certificate of deposit which earned interest at 2.6% per annum and which matured on November 25, 2020.

(iv) This represents US$316,811 (2020: US$306,644) reverse repurchase agreement which earns interest at 3.50% (2020: 3.50%) per annum and matures on July 5, 2021.

16. CASH AND BANK BALANCES

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Current accounts	**41,252,000**	14,910,685	**32,943,805**	8,407,511
Foreign currency accounts	**8,726,360**	22,151,108	**6,294,201**	20,328,198
Cash balances	**8,897,948**	2,399,076	**8,881,969**	2,382,976
	58,876,308	39,460,869	**48,119,975**	31,118,685

The weighted average effective interest rate for cash and bank balances is 0.15% (2020: 0.12%). The cash and bank balances are unrestricted.

17. SHARE CAPITAL

	Group and Company	
	2021	2020
	$	$
Authorized share capital:		
500,025,000 Ordinary shares at no par value	**-**	-
Issued and fully paid:		
500,000,015 Ordinary shares at no par value	**51,805,097**	51,805,097

18. EARNINGS PER SHARE

The calculation of earnings per share is based on the (loss) / profit after taxation and the weighted average number of shares in issue during the year.

	Company	
	2021	2020
Net (loss) / profit attributable to shareholders	**(95,982,020)**	33,558,667
Weighted average number of shares in issue	**500,000,015**	500,000,015
	($ 0.19)	$ 0.07

19. NOTES PAYABLE

	Group and Company	
	2021	2020
	$	$
Balance at the beginning of the year	**40,593,768**	65,421,053
Principal repayment during the year	**(11,415,575)**	(24,827,285)
Addition during the year	**15,095,400**	-
Balance at the end of the year	**44,273,593**	40,593,768
Current portion of notes payable	**(20,655,857)**	(20,119,635)
Non-current portion of notes payable	**23,617,736**	20,474,133

The loans from the National Commercial Bank Jamaica Limited has interest rates of 8.75% per annum. The loans are secured by liens over four (4) of the Company's Kinglong Coach buses and guarantees from the Group's original shareholders and a related company.

20. BONDS PAYABLE

	Group and Company	
	2021	2020
	$	$
JN Fund Managers (i)	**150,000,000**	50,000,000
Proven Wealth (ii)	**150,000,000**	150,000,000
	300,000,000	200,000,000

(i) This is a senior unsecured bond for $50,000,000 which was obtained December 11, 2019 and additional drawdowns totaling $100,000,000 on September 30, 2020 and March 05, 2021 which attracts a fixed interest rate at 6.90% (2020: 6.90%) per annum for a four year period payable quarterly. The bond matures in November 2023.

(ii) This is a senior unsecured fixed to floating bond for $150,000,000 which was obtained December 5, 2018 and attracts a fixed interest rate at 7.25% per annum for the first five year period payable quarterly. Thereafter, interest for the remaining term is charged at the Government of Jamaica 3-month weighted average treasury bill yield immediately prior to the commencement of the respective quarterly interest period, plus 2.50% per annum until the maturity date on December 8, 2025.

21. SHAREHOLDERS' LOAN

	Group and Company	
	2021	2020
	$	$
	452,840	452,840

This represents advances to the Group by the original shareholders. The loan is interest free, unsecured and has no fixed date of repayment.

22. DEFERRED TAX LIABILTY

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The analysis of the deferred tax balances (after offset) for reporting purposes:

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Deferred tax liabilities	**13,265,278**	20,056,882	**18,251,130**	25,042,734
	13,265,278	20,056,882	**18,251,130**	25,042,734

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Property, plant and equipment	**28,543,450**	28,751,793	**24,834,391**	25,042,734
Unrealized exchange gain / (loss)	**597,762**	(19,264)	**617,026**	-
Tax loss	**(15,875,934)**	(8,675,647)	**(7,200,287)**	-
	13,265,278	20,056,882	**18,251,130**	25,042,734

The movement during the year in the Group's deferred tax position was as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Balance at the beginning of the period	**20,056,882**	15,108,213	**25,042,734**	20,094,066
Movement during the year	**(6,791,604)**	4,948,669	**(6,791,604)**	4,948,668
Balance at the end of the period	**13,265,278**	20,056,882	**18,251,130**	25,042,734

23. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Accounts payable	**42,588,491**	25,940,387	**40,159,260**	25,254,733
Statutory liabilities	**3,587,260**	1,728,616	**3,587,237**	1,728,616
Other accruals	**19,962,040**	22,889,887	**18,198,737**	14,316,227
	66,137,791	50,558,890	**61,945,234**	41,299,576

24. TAXATION (RECOVERABLE) / PAYABLE

Taxation payable is based on profits for the year, adjusted for taxation purposes, subject to the agreement of the Tax Administration Jamaica, and is calculated at 25%.

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Current year:				
Net tax payable at the beginning of the year	**3,790,784**	3,660,717	**3,790,784**	3,660,717
Tax liability for the current year	**165,650**	4,011,881	**-**	4,011,881
Less: Estimated tax payments made during the current year	**-**	-	**-**	-
	3,956,434	7,672,598	**3,790,784**	7,672,598
Less:				
Payment of prior year taxation	**(4,013,479)**	(3,881,814)	**(4,006,879)**	(3,881,814)
Net (recoverable) / payable for current year	**(57,045)**	3,790,784	**(216,095)**	3,790,784

KNUTSFORD EXPRESS SERVICES LIMITED
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25. EXPENSES BY NATURE

Administration and General Expenses:

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Salaries, wages and related expenses	**222,866,759**	313,258,591	**219,379,487**	289,995,155
Staff uniform	**6,348,727**	7,588,251	**6,348,727**	7,588,251
Staff training and welfare	**1,606,215**	6,261,675	**1,606,215**	6,157,274
Electricity	**11,287,031**	11,171,186	**11,196,741**	11,014,427
Telephone	**26,911,460**	19,286,923	**26,504,837**	18,736,072
Water	**4,535,857**	5,596,944	**4,488,615**	5,444,216
Office supplies	**6,437,452**	3,358,037	**6,416,792**	2,573,164
Motor vehicle rental	**2,973,257**	1,655,335	**2,973,257**	9,237,225
Repairs and maintenance	**11,706,286**	10,807,085	**11,536,424**	10,695,474
Equipment rental	**174,000**	184,727	**174,000**	180,327
Rent	**25,635,850**	24,494,131	**23,522,135**	18,840,530
Registration fees	**478,815**	395,200	**-**	-
Travelling	**8,031,356**	11,080,310	**8,031,356**	10,648,954
License and permits	**6,373,211**	7,355,916	**6,339,527**	6,626,118
Advertising and promotion	**16,919,391**	26,874,869	**16,684,540**	25,437,853
Fuel	**73,360,289**	155,186,148	**73,228,555**	150,394,302
Passenger supplies	**3,673,454**	18,186,428	**3,673,454**	18,179,284
Parts and supplies	**29,377,000**	55,584,258	**29,377,000**	55,584,258
Motor vehicle repairs and maintenance	**4,432,246**	12,680,292	**4,319,188**	7,123,656
Fees and charges	**1,287,469**	807,118	**934,509**	807,118
Fleet tracking service	**-**	602,500	**-**	602,500
Insurance	**30,733,150**	55,635,724	**27,544,096**	36,831,434
Toll fees	**20,460,661**	40,534,536	**20,459,095**	40,474,720
Accommodation	**86,002**	2,077,136	**44,000**	1,184,244
Professional fees	**8,812,786**	13,786,532	**7,777,726**	12,589,836
Directors' fees	**2,110,500**	1,665,000	**2,110,500**	1,665,000
Dues and subscription	**3,347,078**	2,603,038	**3,289,162**	2,508,446
Communication equipment	**330,500**	40,000	**330,500**	-
Cleaning and sanitation	**8,792,492**	7,715,198	**8,792,492**	7,715,198
Commission	**1,690,442**	-	**1,690,442**	-
Postage and delivery	**2,039,654**	1,081,503	**2,039,654**	1,081,503
Printing and stationery	**3,153,438**	6,856,370	**3,153,438**	6,856,370
Depreciation and amortisation	**125,770,308**	114,876,718	**110,323,114**	100,011,453
Depreciation on right of use asset	**10,274,006**	7,977,692	**10,274,006**	7,977,692
Audit fees	**3,335,333**	2,853,943	**1,750,000**	1,500,000
Accounting fees	**1,315,000**	1,320,000	**1,315,000**	1,320,000
Property tax	**224,600**	-	**-**	-
IT services	**5,090,585**	711,319	**4,984,697**	-
Security	**23,381,871**	22,696,706	**23,320,635**	22,565,927
	715,364,531	974,847,339	**685,933,916**	900,147,983

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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26. OPERATING (LOSS) / PROFIT

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
	(85,301,888)	46,841,164	**(59,910,527)**	91,253,015

Stated after charging the following:	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Auditor's remuneration	**3,335,333**	2,853,943	**1,750,000**	1,500,000

27. FINANCE INCOME

	Group and Company	
	2021	2020
	$	$
Interest income	**2,891,495**	3,366,690
Unrealised exchange gain	**11,026,938**	15,963,142
	13,918,433	19,329,832

28. FINANCE COSTS

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Loan interest expense	**4,286,915**	4,243,813	**4,220,464**	4,243,813
Interest expense on right-of-use asset	**997,653**	1,075,962	**997,653**	1,075,962
Unrealised exchange gain	**(67,053)**	-	**-**	-
Bank charges	**10,074,911**	18,332,005	**9,646,495**	17,396,582
	15,292,426	23,651,780	**14,864,612**	22,716,357

29. TAXATION (CREDIT) / CHARGE

On January 14, 2014, the Company became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a 100 % remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016. As of January 15th 2019, the 50% remission for the remaining five years, has been in effect.

The Group provides for deferred tax.
Taxation is computed at 25% (2020: 25%) of the profit for the year as adjusted for taxation purposes. The taxation (credit) / charge is made up as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Current:				
Current Taxation	**165,649**	**4,011,881**	**-**	4,011,881
	165,649	4,011,881	**-**	4,011,881
Deferred:				
Origination and reversal of temporary differences	**(6,791,604)**	4,948,668	**(6,791,604)**	4,948,668
	(6,625,955)	8,960,549	**(6,791,604)**	8,960,549

29. TAXATION CHARGE (CONT'D)

(b) Reconciliation of effective tax rate and charge:

	Group				Company			
	2021		2020		**2021**		2020	
	$	**%**	$	%	**$**	**%**	$	%
(Loss) / profit before taxation for the year	**(102,607,974)**		42,519,216		**(162,754,757)**		87,866,490	
Computed tax (credit) / charge	**(25,651,994)**	**25%**	10,629,804	25%	**(40,688,689)**	**25%**	21,966,624	25%
Taxation differences between profit for financial statements and tax reporting purposes on:								
Depreciation and capital allowances - normal rate	**(1,015,190)**	**1%**	(3,544,893)	-8%	**(1,132,934)**	**1%**	(3,544,893)	0%
Unrealized exchange gains	**1,852,834**	**-2%**	(3,990,786)	-9%	**1,851,077**	**-1%**	(3,990,786)	-5%
Tax losses	**13,701,229**	**-13%**	11,336,820	27%	**7,200,286**	**0%**	-	0%
Other adjustments	**504,143**	**0%**	1,618,495	4%	**25,978,656**	**-16%**	1,618,495	2%
Actual (credit) / charge and tax rate	**(10,608,978)**	**11%**	8,960,549	23%	**(6,791,604)**	**9%**	8,960,549	9%

Remission of income tax:

On January 14, 2014, the Company became a public listed entity on The Jamaica Stock Exchange Junior Market. Consequently, the Company was entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complied with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016. As of January 15th 2019, the 50% remission for the remaining five years, has been in effect.

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. Subject to agreement with the Ministry of Finance and Planning, remission will be sought for periods up to 2020 totaling $32,085,286. The Company had no income tax liability in the current year.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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30. RELATED PARTIES

The following related party balances are shown separately in the Group's and Company's statement of financial position:

	Group		**Company**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Lease deposit to related company	**4,000,000**	4,125,000	**4,000,000**	4,125,000
Due from subsidiaries	**-**	-	**219,873,955**	475,969,449
Amounts due to key management personnel	**(452,840)**	(452,840)	**(452,840)**	(452,840)

The Group's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	Group and Company	
	2021	2020
	$	$
Transactions with key management personnel:		
- Directors' fees	**2,110,500**	1,665,000
- Management remuneration	**17,622,400**	19,891,723

31. STAFF COSTS

The number of employees at the end of the year was as follows:

	Group		Company	
	2021	2020	**2021**	2020
Permanent	**178**	113	**175**	112

The aggregate payroll costs for these persons were as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Salaries and profit related pay	**230,821,701**	327,108,517	**227,334,429**	303,740,680

32. DIVIDENDS

No dividends were declared during the financial year.

33. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT

(a) Fair value

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 recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Group. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at the statement of financial position date.

Generally, considerable judgement 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 Group would realise in a current market exchange.

The following methods and assumptions have been used.

The amounts included in the financial statements for cash and cash equivalents, short term deposits, receivables, payables, and due to / from related companies reflect the approximate fair values because of short-term maturity of these instruments.

The carrying amount of the Group's notes payable approximates fair value as the interest rates on these loans are similar to current market rates. The fair value of the shareholders' loans cannot be reasonably estimated as they were granted under special terms. The related party lease prepayment is reflected at amortized cost.

33. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk
(iv) Cash flow risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group in order 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 Group's activities.

(i) Credit risk

Credit risk is the risk of a financial loss arising from a counter-party to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily, in cash and cash equivalents, short-term deposits, receivables and due from related company.

Exposure to credit risk:

	Group		Company	
	2021	2020	**2021**	2020
	$	$	**$**	$
Other assets	**22,140,319**	26,207,326	**21,808,694**	18,993,723
Short term investments	**101,636,251**	123,599,054	**101,636,251**	123,599,054
Cash and bank balances	**58,876,308**	39,460,869	**48,119,975**	31,118,685
	182,652,878	189,267,249	**171,564,920**	173,711,462

The maximum credit exposure, the total amount of loss the Group would suffer if every counter-party to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position.

There was no change in the Group's approach to its credit risk management during the current or prior period.

KNUTSFORD EXPRESS SERVICES LIMITED
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33. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group.

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

	Group			
	Carrying amount	Contractual cash flow	Less than 1 year	1 - 3 years
	$	$	$	$
May 31, 2021:				
Notes payable	44,273,593	48,719,834	23,595,853	25,123,981
Accounts payable and accrued charges	66,137,791	66,137,791	66,137,791	-
	110,411,384	**114,857,625**	**89,733,644**	**25,123,981**
May 31, 2020:				
Notes payable	40,593,768	59,504,773	22,577,300	36,927,473
Accounts payable and accrued charges	50,558,887	50,558,887	50,558,887	-
	91,152,655	110,063,660	73,136,187	36,927,473

	Company			
	Carrying amount	Contractual cash flow	Less than 1 year	1 - 3 years
	$	$	$	$
May 31, 2021:				
Notes payable	44,273,593	48,719,834	23,595,853	25,123,981
Accounts payable and accrued charges	61,945,234	61,945,234	61,945,234	-
	106,218,827	**110,665,068**	**85,541,087**	**25,123,981**
May 31, 2020:				
Notes payable	40,593,768	59,504,773	22,577,300	36,927,473
Accounts payable and accrued charges	41,299,576	41,299,576	41,299,576	-
	81,893,344	100,804,349	63,876,876	36,927,473

33. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iii) 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. Such risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The elements of market risk that affect the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currencies giving rise to this risk is the United States dollar. The exposure to foreign currency risk at the statement of financial position date was as follows:

	Group			
	2021 US$	**2021 GBP£**	2020 US$	2020 GBP£
Foreign currency assets:				
Cash and bank balances	**299,443**	**3,152**	140,365	7,099
Short term investments	**684,415**	-	551,276	-
	983,858	**3,152**	691,641	7,099

	Company			
	2021 US$	**2021 GBP£**	2020 US$	2020 GBP£
Foreign currency assets:				
Cash and bank balances	**283,165**	**3,152**	132,807	7,099
Short term investments	**684,415**	**-**	551,276	-
	967,580	**3,152**	684,083	7,099

Sensitivity analysis:
A strengthening of 200 (2020: 200) basis points of the Jamaica dollar against the currencies indicated above at May 31 would have decreased the Group and Company's profit or loss by $2,935,390 (2020: $2,002,022) and $2,887,044 (2020: $1,980,418), respectively.

A weakening of 600 (2020: 600) basis points of the Jamaica dollar against the currencies indicated above at May 31 would have increased the Group and Company's profit or loss by $8,806,171 (2020: $6,006,066) and $8,661,133 (2020: $5,941,254), respectively.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary. As at the year end, the Group was not subject to significant interest rate risk.

Sensitivity to interest rate movements:
The Group does not have variable rate instruments nor fixed rate financial assets and liabilities at fair value through the statement of comprehensive income, and is therefore not subject to interest rate sensitivity.

33. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Group manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(c) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optional capital structure to reduce the cost of capital. The Group met the capital requirements of at least $50,000,000 for listing on the Junior Market of the Jamaica Stock Exchange. There was no other externally imposed capital requirement.

There were no changes to the Group's approach to capital management during the year, and this is monitored by the Board of Directors.

34. SEGMENT REPORTING

Segment financial information is presented in respect of geographic locations. Assets, liabilities and operating results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment transactions are charged at arm's length prices.

	2021			
	Jamaica	**USA**	**Eliminated on consolidation**	**Group Total**
Statement of Financial Position:				
Assets	**1,428,308,470**	**26,251,535**	**(222,779,256)**	**1,231,780,749**
Shareholders' equity	**672,275,216**	**(5,159,669)**	**(1,327,110)**	**665,788,437**
Liabilities	**756,033,254**	**31,411,204**	**(221,452,146)**	**565,992,312**
	1,428,308,470	**26,251,535**	**(222,779,256)**	**1,231,780,749**
Statement of Comprehensive Income:				
Revenue	**632,405,202**	**645,623**	**(3,039,000)**	**630,011,825**
Other income	**50,818**	**100,913,902**	**(100,913,902)**	**50,818**
Finance income	**13,918,433**	**-**	**-**	**13,918,433**
Administrative and general expenses	**(701,535,347)**	**(16,868,184)**	**3,039,000**	**(715,364,531)**
Impairment loss – goodwill	**-**	**(6,575,500)**		**(6,575,500)**
Impairment loss - related party	**(101,898,051)**	**-**	**101,898,051**	**-**
Impairment loss - motor vehicles	**-**	**(9,356,593)**		**(9,356,593)**
Finance costs	**(15,062,120)**	**(230,306)**	**-**	**(15,292,426)**
(Loss) / profit before taxation	**(172,121,065)**	**68,528,942**	**984,149**	**(102,607,974)**
Taxation credit	**(6,625,954)**	**-**	**-**	**(6,625,954)**
Net (loss) / profit for the year	**(165,495,111)**	**68,528,942**	**984,149**	**(95,982,020)**

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

34. SEGMENT REPORTING (CONT'D)

	2020			
	Jamaica	**USA**	**Eliminated on consolidation**	**Group Total**
Statement of Financial Position:				
Assets	**1,514,692,866**	**55,691,311**	**(477,838,829)**	**1,092,545,348**
Shareholders' equity	**837,770,327**	**(70,492,224)**	**(1,869,380)**	**765,408,723**
Liabilities	**676,922,539**	**126,183,535**	**(475,969,449)**	**327,136,625**
	1,514,692,866	**55,691,311**	**(477,838,829)**	**1,092,545,348**
Statement of Comprehensive Income:				
Revenue	**1,005,849,932**	**23,410,850**	**(7,581,890)**	**1,021,678,892**
Other income	**9,611**	**-**	**-**	**9,611**
Finance income	**19,329,832**	**-**	**-**	**19,329,832**
Administrative and general expenses	**(920,554,100)**	**(61,875,129)**	**7,581,890**	**(974,847,339)**
Finance costs	**(23,011,478)**	**(640,302)**	**-**	**(23,651,780)**
Profit / (loss) before taxation	**81,623,797**	**(39,104,581)**	**-**	**42,519,216**
Taxation charge	**8,960,549**	**-**	**-**	**8,960,549**
Net profit / (loss) for the year	**72,663,248**	**(39,104,581)**	**-**	**33,558,667**

35. IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic declared by the World Health Organisation in March 2020 has persisted throughout the financial year and has continued subsequent to the year end. The Group has adopted the necessary protocols to protect customers and employees. While various government measures and restrictions to control the pandemic remain, future performance is expected to be negatively impacted. The Group has, however, determined that this does not create a material uncertainty that casts doubt on its ability to continue as a going concern.

Knutsford Express Services Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS
AS AT MAY 31, 2021

Ten Largest Shareholders	No. of Stock Units	% Holding
1. Oliver Townsend	167,651,720	33.5287
2. Anthony Copeland	119,633,320	23.9267
3. Gordon Townsend	87,232,590	17.4465
4. N.C.B. Capital Markets Ltd. A/C 2231	28,974,157	5.7948
5. SJIML A/C 3119	17,391,304	3.4783
6. SJLIC For Scotiabridge Retirement Scheme	12,986,000	2.5872
7. GraceKennedy Pension Fund Custodian Ltd for GraceKennedy Pension Scheme	7,500,000	1.5000
8. JCSD Trustee Services Ltd. A/C #76579-02	7,128,000	1.4256
9. Sagicor Pooled Equity Fund	6,000,000	1.2000
10. GraceKennedy Pension Fund Custodian Ltd. For GraceKennedy Pension Plan (2009)	5,000,000	1.0000

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
AS AT MAY 31, 2021

Name	Personal	Connected Party
Oliver Townsend	167,651,720	953,960
Anthony Copeland	119,633,320	NIL
Gordon Townsend	87,232,590	NIL
Wayne Wray	600,000	NIL
Peter Pearson	245,000	NIL