2021 ANNUAL REPORT

Jimmy Buffett's MARGARITAVILLE®
GRAND TURK

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Margaritaville (Turks) Ltd will be held at the Margaritaville Caribbean Group Ltd.'s Boardroom, # 16, M19 Southern Cross Boulevard, Freeport, Montego Bay on Wednesday, April 27, 2022 at 1.00 pm for the following purposes:

1. To receive the report of the Directors and Financial Statements for the year ended May 31, 2021 and the report of the Auditors thereon.
2. To authorize the directors to fix the remuneration of the Auditors for the ensuing year. The Auditors, Messrs HLB Mair Russell, Chartered Accountants, have signified their willingness to continue in office pursuant to section 154 of the companies act.
3. To fix the remuneration of the Directors for the year that commenced June 1, 2021.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member.

By order of the board,

Easthaven Limited

Easthaven Limited
Company Secretary

REGISTERED OFFICE
P.O. Box 127, Richmond House, Leeward Highway, Providenciales,
Turks and Caicos Islands, British West Indies

CHAIRMAN'S REPORT

The challenges associated with the COVID-19 pandemic proved to be quite deleterious to the operations of Margaritaville (Turks) Ltd. for Fiscal 2021. In March 2020 cruising, as the world knew it, came to halt. With the discovery of COVID-19 cases on cruise vessels, as well as the high transmission possibility owing to their layout, the Center for Disease Control in the United States of America suspended all cruises from that country in March 2020. As you are aware, Margaritaville (Turks) Ltd is totally reliant on cruise passengers.

Margaritaville (Turks) operates on the Grand Turk Cruise Port which is owned and operated by Carnival Corporation. Most (approximately 98%) of the ships that dock in the Port are brands from Carnival Corporation, which operates out of Florida in the United States of America. With the added closure of countries' borders from the ongoing threat of mutations and new variants of COVID-19, there was minimal tourism activity in Grand Turk. All this resulted in Margaritaville (Turks) Ltd. having no business from March 2020 to May 31, 2021.

The company had to initiate actions to manage its operations with zero inflows, except for funds received from disposal of some inventory items to avert spoilage and that received from an associated company to settle an inter-company balance. Arrangements had to be made for the location to be closed yet kept in a state of readiness as no one could predict when cruising would resume. Expenses were contained as best as possible and were mainly for emoluments for key skeleton staff, utilities and insurance costs. Unfortunately, we had to sever ties with some of our team members as, with no business, they had no employment and had to return to their native countries. The company ensured that the relevant provisions were made for them to get home safely.

Expenditure for the year was $1.38 million. Loss per share for the year was US 2.05 Cents. No dividends were considered for the year. Communication was maintained with our suppliers and arrangements put in place to avert any adverse situations.

We must also express thanks to all our stakeholders. We really appreciate your support and look forward to our continued mutually beneficial relationships.

During the year we lost Director Harriat "Harry" Maragh, business stalwart and valiant supporter of the company. He passed away in January 2021. Harry's in-depth knowledge and expertise will be missed by all. We again offer our condolences to his family and friends.

At the time of writing this report, cruising has returned to Grand Turk and Margaritaville (Turks) has recommenced operations. We continue to work with the Government and other stakeholders to ensure that we exceed the desires of our guests and retain our place as the ultimate provider of the **BEST DAY EVER!**

Best regards,

Herrick Dear
Chairman

DIRECTORS' PROFILES

Herrick Winston Russell Dear CLS, JP, CD.

CHAIRMAN & INDEPENDENT, NON-EXECUTIVE DIRECTOR

A Commissioned Land Surveyor, City Planner, Entrepreneur and Businessman, Winston Dear has dedicated his life to the development of Montego Bay and Western Jamaica. Since 1966 he has been an integral part of the life of Montego Bay and Jamaica and has played vital roles in Resort Development, Montego Freeport, Rose Hall Development, Montego South Development, Ironshore and The Greater Montego Bay Development Plan. Herrick was also instrumental in forming the Port Authorities, "Montego Bay Freezone" and lobbied for the establishment of the current Montego Freeport Cruise Ship terminal, thereby earning the moniker of "City Father. In the 1980's he was deeply involved in the 807 garment industry and at the zenith of this industry employed over 3000 workers. Under his watch, the Government established the earth station within the zone which set the course for us to become the leading ICT center of Jamaica.

Herrick Winston Russell Dear currently sits on the Boards of Express Catering Limited and Margaritaville (Turks) Ltd. He is a member of the Montego Bay Chamber of Commerce and Industry and a member of the Tribunal, Ministry of Tourism. Herrick was appointed as a Justice of the Peace for the parish of St. James in 1983 and, in 2010, the Government of Jamaica bestowed the Order of Distinction on him. In 2017 the Government upgraded his honor to the rank of "The Order of Distinction in the rank of Commander Class" CD.

He is married to Denise and together they have three children, eight grandchildren and two great-grandchildren, all living in Jamaica. With over 40 years sail boat racing and cruising experience (one of his most favourite things to do), Herrick holds a Coastal Masters Certificate from the Maritime Authority of Jamaica, and is entitled to use the title "Captain".

Ian Dear CD, JP

CEO & EXECUTIVE DIRECTOR

Ian Dear is the founder and current Chairman and CEO of Margaritaville Caribbean Group (MCG).

MCG is an industry-leading hospitality company which has two subsidiaries publicly traded on the Jamaica Stock Exchange. Under Dear's leadership the Company portfolio has expanded to include a diverse range of hospitality concepts in 53 locations throughout the Caribbean.

Ian has been a Justice of the Peace for the parish of St. James, since 1996 and maintains active involvement in several community service organizations. He is currently Chairman of the Board of the Tourism Product Development Company Limited (TPDCo.) and a board member of the Tourism Enhancement Fund (TEF).

In addition to these current appointments, Ian has served as a member and board member for several organizations to include the Jamaica Hotel and Tourist Association, the Private Sector Organization of Jamaica, Young President's Association, the Montego Bay Chamber of Commerce, the Jamaica Cruise Council and the Attractions Association of Jamaica.

In 2020, Jamaica's Governor-General appointed Ian Dear to the Order of Distinction in the rank of Commander for his contributions to Caribbean Tourism and Real Estate Development.

John G. Byles

INDEPENDENT, NON-EXECUTIVE DIRECTOR

John G. Byles is a graduate of the Florida International University where he attained a degree in Business Administration, with focus in Finance and International Business. Since then, his career has led him through several fields in the Corporate Finance arena. He spent over fifteen years in the banking and finance sector, working with Business Leaders in several growing and successful companies across dynamic industries before joining the tourism field over fifteen (15) years ago.

John currently sits on the Boards of Margaritaville (Turks) Ltd, Chukka Caribbean Adventures Group of Companies, Express Catering Limited, Cargo Handlers Ltd. and Margaritaville Caribbean Group Ltd. He is also a member of the Cruise Council of Jamaica and is the Chairman of the Destination Assurance Council – Montego Bay Chapter. In the past, John has also served on the Boards of the Jamaica Tourist Board and Jamaica Promotions Corporation. John brings to the Board his considerable experience in brand delivery in the tourism sector and management experience from the finance industry. He is a committed husband and father of four (4), an avid polo enthusiast in his down time and an active community development stalwart.

Roland Clarke

CFO & EXECUTIVE DIRECTOR

Roland is a Chartered Accountant with over twenty years of experience in Accounting and Finance covering Retail, Manufacturing, and Telecom logistics industries.

Roland joined Margaritaville Caribbean Group in August 2010. Previously he was with Facey Commodity Company Ltd. where he had direct responsibility for the finance functions of the Telecoms Division. During this time he led implementation of financial systems for the group subsidiaries in Germany, Trinidad and Tobago, Honduras, Panama and El Salvador. Roland also spent 18 months in Trinidad and Tobago in the capacity of Financial Controller, while performing other corporate duties.

His experience also includes 10 years in various accounting and finance roles with the ICD Group of companies in Jamaica.

Roland is a Fellow of the Association of Certified Chartered Accountants of England and holds a BSC. (Hons.) in Accounting from the University of the West Indies.

TOP TEN SHAREHOLDERS

AS AT MAY 31, 2021

NAMES		VOLUME	PERCENTAGE
Margaritaville Caribbean Limited	Nassau, Bahamas	33,163,445	49.1%
Lannaman & Morris (Shipping) Limited	Kingston	8,446,398	12.5%
Sagicor Pooled Equity Fund	Kingston	5,819,559	8.6%
Lacy, Donald S.	Kingston	2,721,526	4.0%
Matmar Holdings Limited	St Lucia	2,700,000	4.0%
National Supply Co. Ltd	Kingston	1,200,000	1.8%
Prime Asset Management Ltd. - Jps	Kingston	1,000,000	1.5%
Nekia Limited	Kingston	1,000,000	1.5%
Liao, Huixiong	Clarendon	1,000,000	1.5%
Fraser, Paul	Manchester	953,418	1.4%
		58,004,346	85.9%

Total Ordinary Stock in issue - 67,500,000

Total Number of Stock Holders - 358

DIRECTORS' SHAREHOLDINGS

AS AT MAY 31, 2021

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
Herrick Winston Dear	-	-	-	0.0%
Harriat T. Maragh (Estate)	-	8,446,398	8,446,398	12.5%
Ian B. Dear	-	33,163,445	33,163,445	49.1%
John G. Byles	-	-	-	0.0%
Roland P. Clarke	40,000	-	40,000	0.1%
	40,000	41,609,843	41,649,843	61.70%

SENIOR MANAGERS' SHAREHOLDINGS

AS AT MAY 31, 2021

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
Roland P. Clarke	40,000	-	40,000	0.1%
Alton Thelwell	-	-	-	0.0%
	40,000	-	40,000	0.1%

CORPORATE GOVERNANCE

REPORT OF MANAGEMENTS RESPONSIBILITY AND INTERNAL CONTROLS

The management of Margaritaville Turks is responsible for the fairness and accuracy of the financial statements. The financial statements and the accompanying notes were prepared in accordance with the rules of the International Financial Reporting Standards and include such estimates as management deemed necessary to give a true and accurate view of the financial affairs of the group.

Management has established a system of internal controls over financial reporting that provides reasonable assurance that assets are adequately safeguarded and transactions are recorded accurately, in all material respects. We have a team

of Internal Auditors that is headed by a Vice President for Internal Controls and Systems. This ensures there is adequate representation at the executive level to bolster the effectiveness of our control function. Our internal controls provide for appropriate segregation of duties and responsibilities and there are documented policies regarding utilization of our assets and proper financial reporting. We also maintain a strong audit program that independently evaluates the adequacy of the design and effectiveness of these internal controls.

The Board of Directors provides oversight guidance to the management of the company in fulfilling their financial reporting duties and is assisted in their oversight responsibilities by the Audit Committee of the Board. Currently the Board of Directors meets on a quarterly basis and is prepared to revise the frequency should the need arise. The accompanying Management Discussion and Analysis were prepared under the direction and guidance of the Board of Directors.

The Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors was established to assist the Board of Directors in fulfilling their oversight responsibility. The committee is comprised of four members, three of whom are independent, non-executive directors. The Audit Committee has complete access to the financial records of the group and has direct access to the Vice President of Internal Controls and Systems and our External Auditors.

The Audit Committee meets on a quarterly basis to carry out their roles and responsibilities, inclusive of the following;

- Monitor the financial performance of the company against objectives.
- Ensure that the company is compliant with statutory and regulatory reporting requirements.
- Ensure that the company is compliant with covenants relating to banking and other creditor requirements.
- Monitor and review the effectiveness of the internal audit function.
- Consider, approve and recommend to the board the group's annual operating and capital budgets.
- Review internal and external audit reports
- Assess operational risks and make recommendations to the board for decision.

The Audit Committee will always be a mix of non-executive and executive directors but will at all times be comprised of more non-executive directors and be chaired by one of them. The members of the committee for the year just ended were;

John Byles - Chairman
(Independent, Non-executive director)

Herrick Dear
(Independent, Non-executive director)

Harriatt Maragh
(Independent, Non-executive director)

Roland Clarke
(Executive director)

The board is very thankful to the Audit Committee for their guidance and wish for them another successful year.

Herrick Dear
Chairman

Ian Dear
Director

The Board's Corporate Governance Charter can be seen at **Margaritavillecaribbean.com**

MANAGEMENT DISCUSSION & ANALYSIS

OF FINANCIAL CONDITION & RESULTS OF OPERATIONS

The below analysis for Margaritaville (Turks) Ltd. (MTL) should be read in conjunction with the Audited Financial Statements and related Financial Statement Notes. The Company reports on a 12-month basis from June 1 to May 31. Financial data is reported in US Dollars, the currency of the Turks and Caicos Islands. The analysis is based on the financial results for the year ended May 31, 2021 and comparative prior years.

Overview of Operations

MTL is domiciled in the Turks and Caicos Islands, a British Overseas Territory that lies north-east of Jamaica and forms part of the eastern Caribbean. The company was established to fulfill the food, beverage and entertainment needs of the thousands of passengers that visit the Grand Turk Cruise Port annually. The company is a subsidiary of Margaritaville Caribbean Group Ltd, owners and franchise operators of Jimmy Buffett's Margaritaville Restaurants, Bars, and Retail Shops across the Caribbean. MTL has operated on the port since it was developed by Carnival Corporation in 2006.

MTL maintains a strong relationship with Carnival Corporation, operators of the Grand Turk Cruise Centre. Carnival Corporation is the world's largest leisure travel company, providing travelers around the globe with extraordinary vacations at an exceptional value through their 9 leading leisure brands worldwide which include Carnival Cruises, Princess Cruises, AIDA Cruises, Costa Cruises and Holland America. The group is currently on a path to rationalize the existing cruise ship fleet with more efficient vessels. Seven of these new vessels were added during the year.

Carnival Corporation built the Grand Turk Port to be a central destination on their Eastern Caribbean cruise itinerary originating off the east coast of the United States. As a result, most of the ships that cruise to that port are Carnival Corporation owned ships. For instance, in fiscal 2020, 98.2% of the cruises that docked at Grand Turk were owned by Carnival Corporation.

In response to the deadly effects of the COVID-19 Corona virus which was declared a pandemic, the Center for Disease Control (CDC) in the USA suspended all cruising that emanated from within their borders in March 2020. Cruising would continue to be suspended from within the USA for the rest of calendar year 2020 to July of 2021. Recognizing that vaccination was the only viable option to control the spread as well as the deadly effects of the virus, the pace to finalize a commercially viable

vaccine was quickened. Pfizer was first to market in the USA in November of 2020. A few other brands followed within weeks of the Pfizer launch. This had an immediate and positive impact on consumer confidence, with persons rushing to access the scarce vaccine. By July of 2021, enough persons in the USA had received at least one dose of a Covid-19 vaccine and so the CDC was confident enough to announce the resumption of cruising in July of 2021. Since the fiscal year runs from June 1 to May 31, fiscal 2021 for MTL saw no cruising departing out of the USA or from any other ports of origin. Minimizing expenses was the only option available to MTL during the year.

Results of Operations for Fiscal 2021 and comparative prior years

With no revenue due to Covid-19 related suspension of cruising from the source markets, the below summary of the operating matrix in relation to revenue for the most recent years will now include the comparative values as well as the percentage of revenue. The information was prepared from the audited Statement of Profit or Loss and other Comprehensive Income found elsewhere in this report.

MTL Results of Operations Matrix	2021		2020	
	US$	%	US$	%
Revenue	**48,283**	**n/a**	**5,943,592**	**100.00%**
Cost of sales	(48,645)	n/a	(1,836,144)	-30.89%
Gross profit	**(362)**	**n/a**	**4,107,448**	**69.11%**
Other income	1,446	n/a	1,200	0.02%
Administrative expenses	(1,074,210)	n/a	(3,688,447)	-62.06%
Promotional expenses	-	n/a	(56,208)	-0.95%
Depreciation and amortisation	(309,075)	n/a	(291,861)	-4.91%
Operating profit	**(1,382,201)**	**n/a**	**72,132**	**1.21%**
Finance costs	-		-	
Profit for the year being total comprehensive income for the year	**(1,382,201)**	**n/a**	**72,132**	**1.21%**

Revenue

Revenue recorded for the year was earned from the disposal of ingredients (at cost) to avert spoilage due to the continued suspension of trading associated with the Corona virus. No cruising was permitted from any US Port during the year and no other cruise source seemed interested in using the port during the year.

Cruising has been and will continue to be a major component of Caribbean tourism offerings. However, the nature and physical infrastructure of cruise ships makes them more susceptible to the spread of the corona virus and so all precautions are being exercised to keep potential customers as well as staff safe. A very loyal customer base has been created over the many years and they are eagerly awaiting the greenlight from the CDC and other regulatory authorities to resume. It is expected that when it becomes safe for cruising to resume, the Caribbean ports and offerings will feature heavily due to their proximity to North America. This geographical location has been the preferred customer destination for cruising across all global cruise companies. MTL stands to benefit significantly from the planned resumption to cruising.

Cost of Sales and Expenses

Cost of sales reported represents cost of ingredients disposed of to avert spoilage. One of the focuses during the year was to minimize inventory loss from spoilage. Unfortunately, due to the extended suspension, we still lost some items due expiration as there was no resale market available for these items.

Expenses incurred included Wages and Salaries for key skeleton staff, utilities, insurance, depreciation and amortization and stock loss due to spoilage. As the weeks turned into months and the expected date for the resumption of cruising became less certain, the company rolled out a very comprehensive cost savings plan. Separation notices were issued to treasured team members, electrical appliances were powered down and prepared for storage and furniture were stacked for protection. The business mode changed to one of preservation, while still ensuring that the property was in a state of preparedness for the resumption of cruising at any time.

Net Earnings, Earnings Per Share (EPS) and Dividends

No revenue was earned from the usual source for the year. The company contained expenditure for the year at $1.38 million. This includes depreciation and amortization amounting to $309,075. Loss per share for the year was US 2.05 Cents. The comparative figure for the prior year was a profit of US$72,132 and EPS of US 0.1 Cent.

No dividends were considered for the year.

Investments

There were no investment activities during the year owing to the uncertainties surrounding the resumption of cruising. Planned investments were minimal too as the company had invested substantially in the prior year. US$269,642 was spent in the prior year to cover the following:

- US$133,743 to cover Furniture and Equipment. Bar equipment was procured to complete the drink menu rationalization. The company is now able to fulfill frozen drinks orders at a much faster pace. This was identified as an opportunity area to improve revenue on busy ship call days.
- US$74,088 was incurred to complete the embellishment of the building, made necessary due to hurricanes in 2017, as well as upgrades to existing infrastructure.
- US$61,812 was expended on computer and related equipment. The company invested in a Wi-Fi system that is expected to improve communication between the POS equipment across the entire property. There was also the added benefit of improved connectivity for our customers on ship call days. Aged POS machines were replaced during the year as well.

EXPENDITURE

$1.38 MILLION

Financial Condition

With the suspension of cruising and no alternate source of income, the company tapped into balances recoverable from the parent company. The full receivable balance of US$815,457 owed by the parent company was repaid. An additional US$253,723 was borrowed from the parent company to assist with meeting obligations. To be fully prepared for re-opening, additional funding will be required to cover Inventory and other operational costs. This is being explored.

The evidence of the company's mutually beneficial and long-standing relations with our suppliers was on display throughout the year. There were minimal adverse requests from suppliers and those were satisfactorily met. Changes to the inventory balances were driven mostly by the need to dispose of items that were about to expire for reduces price or items that had to be dumped because there were no alternate uses. By the close of the fiscal year the company had also commenced re-opening initiatives by making cash deposits on inventory items that carry long lead times and which are critical for the smooth operation of the business.

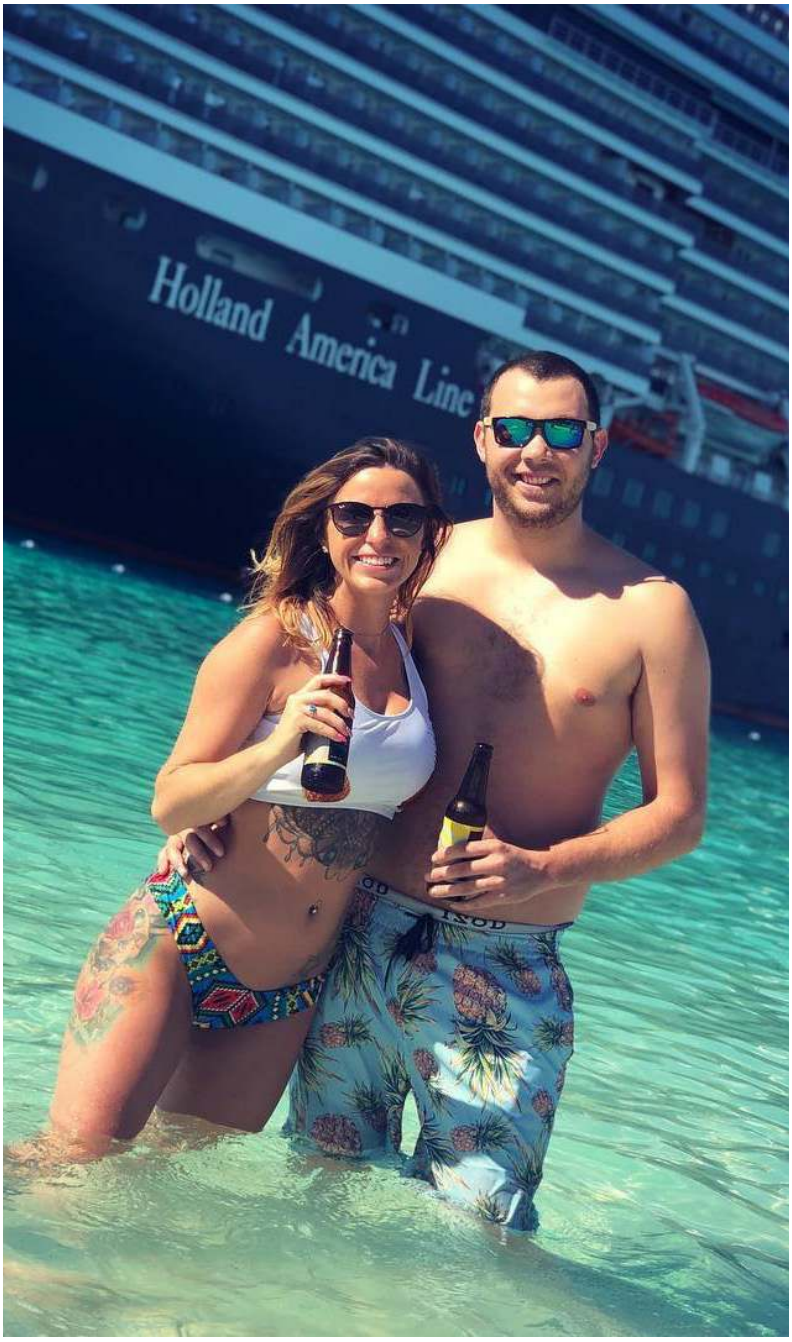
Future Outlook

Cruising into the Grand Turk Port has resumed. Carnival Freedom visited the Grand Turk Cruise Center on December 16, 2021, marking the return of cruising in general and Carnival Cruise Line's return to the Caribbean port.

"We are delighted to bring Carnival Freedom back to Grand Turk and to offer our guests the opportunity to experience all of this Port's beauty once again," said Christine Duffy, President of Carnival Cruise Line. "On behalf of Carnival, I would like to thank the Turks and Caicos Islands Government and all our partners on the ground in Grand Turk for working with us to make this opportunity possible."

The Caribbean has geographic advantages that will position it at the top of the list for when cruise itineraries are being planned again. The location is close to North America, the largest market segment for cruising and it also has proven systems to manage cruise and passenger flows from years of involvement in the industry.

All industry participants have accepted that there may be a medium-term change to cruising as we have come to know it, so as to be able to operate while the virus is still active. Covid-19 protocols will linger for a while, even after the virus is in full check. However, we are confident that the industry is resilient with enough talent to develop a new format of operating that will meet passenger and business requirements.



CRUSING RESUMED

DECEMBER 2021, MARKED THE RETURN OF CRUISING IN GENERAL

FINANCIALS

HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

Independent auditor's report

To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Margaritaville (Turks) Ltd ("the Company") which comprise the statement of financial position as at May 31, 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at May 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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.

Material Uncertainty Related to Going Concern

We draw our attention to note 2 (b) in the financial statements, which indicate that the operations, financial position, financial performance and cash flows of the company, have been affected by the outbreak of the Coronavirus (COVID – 19) pandemic. As described in note 2 (b) these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that in our professional judgement; were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined that there are no key audit matters to communicate in our report.

hlbjm.com
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Independent auditor's report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements (cont'd)

Other information

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

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

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

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

Responsibilities of Management and those charged with governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

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

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

Montego Bay, Jamaica

September 23, 2021

HLB Mair Russell
Chartered Accountants

Margaritaville (Turks) Ltd
Statement of financial position
May 31, 2021

	Note	2021 US$	2020 US$
Assets			
Non-current			
Property, plant and equipment	(3)	3,023,329	3,300,030
Development cost	(4)	16,187	48,560
Non-current assets		**3,039,516**	**3,348,590**
Current			
Inventories	(5)	935,897	1,037,523
Trade and other receivables	(6)	91,814	101,404
Due from related companies	(7)	-	815,457
Cash and bank balances	(8)	7,992	31,401
Current assets		**1,035,703**	**1,985,785**
Total assets		**4,075,219**	**5,334,375**
Equity and liabilities			
Equity			
Share capital	(9)	522,360	522,360
Retained earnings		2,389,545	3,771,746
Total equity		**2,911,905**	**4,294,106**
Liabilities			
Current			
Due to related companies	(7)	253,723	-
Trade and other payables	(10)	909,591	1,040,269
Current liabilities		**1,163,314**	**1,040,269**
Total liabilities		**1,163,614**	**1,040,269**
Total equity and liabilities		**4,075,219**	**5,334,375**

The notes on the accompanying pages form an integral part of these financial statements.

Approved for issue by the Board of Directors on September 23, 2021 and signed on its behalf by:

_____) Director
Ian Dear

_____) Director
John Byles

Margaritaville (Turks) Ltd
Statement of comprehensive income
Year ended May 31, 2021

	Note	2021 US$	2020 US$
Revenue		48,283	5,943,592
Cost of sales		(48,645)	(1,836,144)
Gross (loss)/profit		**(362)**	**4,107,448**
Other income		1,446	1,200
Administrative expenses	(11)	(1,074,210)	(3,688,447)
Promotional expenses	(11)	-	(56,208)
Depreciation and amortisation	(11)	(309,075)	(291,861)
Net (loss)/profit		**(1,382,201)**	**72,132**
Total comprehensive (loss)/income for the year		**(1,382,201)**	**72,132**
(Loss)/earnings per share	(12)	**(0.02)**	**0.001**

The notes on the accompanying pages form an integral part of these financial statements.

Margaritaville (Turks) Ltd
Statement of changes in equity
Year ended May 31, 2021

	Share Capital US$	Retained Earnings US$	Total US$
Balance at May 31, 2019	522,360	4,005,339	4,527,699
Dividends (Note 13)	-	(305,725)	(305,725)
Transaction with owners	-	(305,725)	(305,725)
Profit for the year and comprehensive income	-	72,132	72,132
Balance at May 31, 2020	522,360	3,771,746	4,294,106
Loss for the year and comprehensive income	-	(1,382,201)	(1,382,201)
Balance at May 31, 2021	**522,360**	**2,389,545**	**2,911,905**

The notes on the accompanying pages form an integral part of these financial statements.

Margaritaville (Turks) Ltd
Statement of cash flows
Year ended May 31, 2021

	Note	2021 US$	2020 US$
Cash flows from operating activities:			
(Loss)/profit for the year		(1,382,201)	72,132
Adjustments for:			
Depreciation and amortisation		309,075	291,861
		(1,073,126)	**363,993**
Decrease/(increase) in inventories		101,626	(178,040)
Decrease in trade and other receivables		9,590	62,994
Decrease in due from related companies		815,457	506,169
Increase in due to related companies		253,723	-
Decrease in trade and other payables		(130,679)	(210,746)
Cash (used in)/generated from operations		**(23,409)**	**544,371**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(269,642)
Net cash used in investing activities		**-**	**(269,642)**
Cash flows from financing activities			
Dividends paid		-	(305,725)
Net cash used in financing activities		**-**	**(305,725)**
Decrease in cash and bank balances		(23,409)	(30,996)
Cash and bank balances at beginning of year		31,401	62,397
Cash and bank balances at end of year	(8)	**7,992**	**31,401**

The notes on the accompanying pages form an integral part of these financial statements.

1. Identification and nature of operations

The company was incorporated under the Laws of Turks and Caicos Islands on July 15, 2004 and commenced operations in February 2006. Its registered office is P.O. Box 127, Richmond House, Leeward Highway, Providenciales, Turks and Caicos Islands. The company's shares were listed on the Main Market of the Jamaica Stock Exchange on April 11, 2014.

The company's principal place of business is located at Grand Turks Cruise Centre, White Sands, Turks and Caicos Island. The company is a subsidiary of Margaritaville Caribbean Limited, a company registered under the Bahamas IBC Act of 2000.

Its main activity during the year was the operation of a Margaritaville branded bar and restaurant.

2. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below:

a Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in United States Dollars (USD).

b Going concern

Under the going concern assumption, an entity is viewed as continuing in business for the foreseeable future. Financial statements and all general-purpose financial statements are therefore prepared on a going concern basis unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so. When the use of the going concern assumption is appropriate, assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

As a result of travel restrictions around the globe, including restrictions to enter the island, the company operation was suspended at the end of March 2020. During the suspension, a number of cost saving initiatives were introduced, including temporary layoff of staff. Some of these layoffs were eventually terminated through redundancy due to prolonged travel restrictions.

2. Summary of significant accounting policies (cont'd)

b Going concern (cont'd)

The COVID-19 pandemic has developed rapidly in 2020. The resulting impact of the pandemic on the operations and measures taken by the government to contain the pandemic have negatively affected the company's results in the reporting period. The currently known impacts of COVID-19 on the company are:

- A decline in revenues for the 2021 financial year compared with the financial year in 2020.
- A net loss compared with profit in the financial year 2020.

In response to the COVID-19 pandemic, the company has taken and continues to take significant measures to preserve cash and control costs including the following:

- Deferral of planned non-essential capital expenditure
- Negotiated extended credit terms with suppliers
- Acted diligently on collection of its receivables
- Implementation of measures to reduce staff costs, including the termination of line staff
- Negotiated suspension of rental charges

The company however believes that the measures implemented, as discussed above, should facilitate orderly conducting of operations for the foreseeable future, and therefore, that the going concern basis of preparation of the financial statements, is appropriate. However, the circumstances surrounding the pandemic represents a material uncertainty that may cast a doubt on the company's ability to continue as a going concern and therefore whether the company will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

c New standards, interpretations and amendments to published standards that became effective in the current year

Certain new and amended standards came into effect during the current financial year. The adoption of those standards and amendments did not have a significant impact on the financial statements:

- Amendments to References *to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

  The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

  - New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;

  - A liability will be recognised if a company has no practical ability to avoid it.

    This may bring liabilities on statement of financial position earlier than at present.

  - A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

2. Summary of significant accounting policies (cont'd)

c New Standards, interpretations and amendments to published standards that became effective in the current year (cont'd)

- Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is effective for annual periods beginning on or after January1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

  "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, effective for annual accounting periods beginning on or after January 1, 2020, address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The amendments apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

  Additional disclosures will be required for hedging relationships directly affected by IBOR reform.

- Amendments to IFRS 16 Leases is effective for annual reporting periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

  The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before June 30, 2022; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose:

  - that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and

  - the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

  No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

  The company received no concessions.

2. Summary of significant accounting policies (cont'd)

d Standards, interpretations and amendments issued but not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new and amended standards have been issued which were not effective for the current year and which the company has not early-adopted. The company has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance contracts and IFRS 16 Leases, is effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revise discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

  The company is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets is effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The company is assessing the impact that the amendment will have on its financial statements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, IAS 41 Agriculture, and are effective for annual reporting periods beginning on or after January 1, 2022.

  (i) IFRS 9 Financial Instruments amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

2. Summary of significant accounting policies (cont'd)

d Standards, interpretations and amendments issued but not yet effective and have not been adopted early by the Company (cont'd)

(ii) IFRS 16 Leases amendment removes the illustration of payments from the lessor relating to leasehold improvements.

The Company is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023.

  The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The company is assessing the impact that the amendment will have on its financial statements.

e Basis for measurement

These financial statements have been prepared on the historical cost basis, except for land and buildings that are measured at revalued amounts, or fair values, as explained in the accounting policies below.

2. Summary of significant accounting policies (cont'd)

f Property, plant and equipment

(i) Carrying amount

Property, plant and equipment are carried at cost less accumulated depreciation.

(ii) Depreciation

Depreciation is provided on the straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives approximate to forty (40) years for buildings, five to ten (5 - 10) years for furniture, fixtures, machinery and equipment, three (3) years for computers and five (5) years for motor vehicle.

Leasehold building and improvements are being amortised over twenty years.

(iii) Repairs and renewals

The costs of repairs and renewals which do not enhance the carrying value of existing assets are written off to profit or loss as they are incurred.

g Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

h Development cost

These represent amounts spent on the development of new products, processes and systems which is being amortised over 6 years.

i Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in United States dollars, which is the functional currency of the company.

Foreign currency transactions and balances

(i) Foreign currency monetary balances at the end of the reporting period have been translated at the rates of exchange ruling at that date.

(ii) Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the dates of those transactions.

2. Summary of significant accounting policies (cont'd)

i Foreign currency translation (cont'd)

(iii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items are included in the profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical rates except for those measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

j Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of refunds and discounts. To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and
- collection of the consideration in exchange of the goods and services is probable.

The Company derives revenue from sale of goods and rendering of services either at point in time or over time, when (or as) the Company satisfies performance obligations by transferring control of the promised goods or rendering of the promised services to its customers.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

2. Summary of significant accounting policies (cont'd)

j Revenue recognition (cont'd)

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of goods

Sales to customers are recognised at point in time upon delivery of goods and customer acceptance.

Rendering of services

Revenue arising from the provision of island tours, adventure activities and photo shop services is recognised either at point in time or overtime upon the performance of services or the delivery of products and customer acceptance. Revenue arising from the provision of hotel accommodation, restaurant and bar services and activities is recognised upon the performance of services or the delivery of products and customer acceptance. Consideration received in advance to secure hotel room bookings is initially deferred, included in contract liabilities and is recognised as revenue in the period when the service is performed.

Other income

Other income is recognised at point in time on the accrual basis.

k Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or the receipt on the goods or as incurred.

l Inventories

Inventories are stated at the lower of cost determined on the average cost basis, and net realisable value. Cost includes all supplier prices, freight and handling and other overhead costs directly related to goods sold. Net realisable value is the estimated selling price in the ordinary course of business less any related selling expenses.

m Cash and bank

Cash and bank comprise amounts held in current and savings accounts with financial institutions and cash on hand balances net of bank overdraft.

n Trade and other receivables

Trade and other receivables are classified as loans and receivables. These are initially recognised at original invoice amount (which represents fair value) and subsequently measured at amortised cost.

2. Summary of significant accounting policies (cont'd)

o Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

2. Summary of significant accounting policies (cont'd)

o Financial instruments (cont'd)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The company's financial liabilities include bank overdraft, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2. Summary of significant accounting policies (cont'd)

p Due to/from related parties

Amounts due to/from related parties are classified as financial assets and liabilities measured at amortised cost. These are initially recognised at the original amount received (which represents fair value) and subsequently measured at amortised cost.

q Leased assets

The Company as a lessee

For any new contracts entered into on or after June 1, 2019, the Company considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

2. Summary of significant accounting policies (cont'd)

q Leased assets (cont'd)

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on straight-line basis over the lease term.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

r Impairment

The company's assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

s Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are included in equity as a deduction from proceeds.

t Use of estimates and judgments

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

2. Summary of significant accounting policies (cont'd)

t Use of estimates and judgments (cont'd)

(i) Depreciation of property, plant and equipment

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 2(e).

(ii) Fair value measurement

Management uses valuation techniques to determine the fair value of non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management basis its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available.

Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

3. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the period included in these financial statements as at May 31, 2021 can be analysed as follows:

	Leasehold Building and Improvements US$	Furniture and Fixtures US$	Computer Equipment US$	Motor Vehicle US$	Machinery US$	Kitchen and Bar Entertainment Equipment US$	Total US$
Gross carrying amount							
Balance as at June 1, 2020	2,868,296	1,992,317	325,869	172,259	26,821	577,197	5,962,759
Balance as at May 31, 2021	**2,868,296**	**1,992,317**	**325,869**	**172,259**	**26,821**	**577,197**	**5,962,759**
Depreciation and amortisation							
Balance as at June 1, 2020	(808,118)	(1,119,508)	(252,393)	(130,538)	(14,546)	(337,625)	(2,662,728)
Charge for the year	(71,707)	(125,599)	(31,926)	(13,907)	(1,534)	(32,029)	(276,702)
Balance as at May 31, 2021	**(879,825)**	**(1,245,107)**	**(284,319)**	**(144,445)**	**(16,080)**	**(369,654)**	**(2,939,430)**
Carrying amount as at May 31, 2021	**1,988,471**	**747,210**	**41,550**	**27,814**	**10,741**	**207,543**	**3,023,329**

3. Property, plant and equipment (cont'd):

	Leasehold Building and Improvements US$	Furniture and Fixtures US$	Computer Equipment US$	Motor Vehicle US$	Machinery US$	Kitchen and Bar Entertainment Equipment US$	Total US$
Gross carrying amount							
Balance as at June 1, 2019	2,794,208	1,858,575	264,057	172,259	26,821	577,197	5,693,117
Additions	74,088	133,742	61,811	-	-	-	269,641
Balance as at May 31, 2020	**2,868,296**	**1,992,317**	**325,868**	**172,259**	**26,821**	**577,197**	**5,962,758**
Depreciation and amortisation							
Balance as at June 1, 2019	(738,263)	(1,005,416)	(226,694)	(116,631)	(13,012)	(302,285)	(2,402,301)
Charge for the year	(69,855)	(114,092)	(25,699)	(13,907)	(1,534)	(35,340)	(260,428)
Balance as at May 31, 2020	**(808,118)**	**(1,119,508)**	**(252,393)**	**(130,538)**	**(14,546)**	**(337,625)**	**(2,662,729)**
Carrying amount as at May 31, 2020	**2,060,178**	**872,809**	**73,476**	**41,721**	**12,275**	**239,572**	**3,300,030**

4. Development cost

These represent amounts spent on the development of new menu items that is being amortised over 6 years. Amortisation commenced in the current year.

	Internally developed menu items US$	Total US$
Gross carrying amount		
Balance as at June 1, 2020	208,497	208,497
Balance as at May 31, 2021	**208,497**	**208,497**
Amortisation		
Balance as at June 1, 2020	(159,937)	(159,937)
Amortisation	(32,373)	(32,373)
Balance as at May 31, 2021	**(192,310)**	**(192,310)**
Carrying amount as at May 31, 2021	**16,187**	**16,187**

	Internally developed menu items US$	Total US$
Gross carrying amount		
Balance as at June 1, 2019	208,497	208,497
Balance as at May 31, 2020	**208,497**	**208,497**
Amortisation		
Balance as at June 1, 2019	(128,504)	(128,504)
Amortisation	(31,433)	(31,433)
Balance as at May 31, 2020	**(159,937)**	**(159,937)**
Carrying amount as at May 31, 2020	**48,560**	**48,560**

5. Inventories

	2021 US$	**2020 US$**
Food	37,710	110,919
Beverage	171,576	218,633
General stores	451,560	432,364
Gift shop inventory	221,666	222,222
Warehouse inventory	53,385	53,385
Total	**935,897**	**1,037,523**

6. Trade and other receivables

	2021 US$	2020 US$
Deposits	1,200	1,210
Other receivables	90,614	100,194
Total	**91,814**	**101,404**

The trade receivables are aged under 30 days.

7. Related party balances and transactions

i The company is related to other Margaritaville companies operating in the Caribbean by virtue of common shareholders and Directors.

ii The amount due to/(from) related companies are interest free and unsecured with no fixed terms of repayment.

iii The statement of financial position includes balances arising in the normal course of business with related parties as follows:

	2021 US$	2020 US$
Margaritaville Limited	(253,723)	815,457
Total	**(253,723)**	**815,457**

iv The statement of comprehensive income includes transactions with related parties as follows:

	2021 US$	2020 US$
Group management fees	250,000	250,000
Total	**250,000**	**250,000**

8. Cash and bank balances

	2021 US$	2020 US$
Bank balances	5,802	28,411
Cash	2,190	2,990
Total	**7,992**	**31,401**

9. Share capital

	2021	2020
Authorised:		
100,000,000 ordinary shares	100,000,000	100,000,000
1 “A” ordinary share	1	1
	100,000,001	**100,000,001**
Issued and fully paid:		
67,500,000 ordinary shares comprising:		
67,499,999 ordinary shares	67,499,999	67,499,999
1 “A” ordinary share	1	1
	67,500,000	**67,500,000**
	US$	**US$**
Stated capital		
67,500,000 ordinary shares	**522,360**	**522,360**

10. Trade and other payables

	2021 US$	2020 US$
Trade payables	811,580	962,057
Accrued expenses	21,809	14,772
Other payables	76,202	63,440
Total	**909,591**	**1,040,269**

11. Expenses by nature

Total direct, administrative and other operating expenses:

	2021 US$	2020 US$
Direct expenses		
Cost of inventories recognised as expense	**48,645**	**1,836,144**
Administrative expenses		
Group management fees	250,000	250,000
Employee benefits (Note 14)	506,068	1,827,129
Franchise fees and licences	4,540	204,870
Auditors' remuneration	14,500	14,500
Bank charges	12,170	19,923
Property lease expense	-	528,772
Utilities	46,382	251,119
Fuel	-	33,325
Repairs and maintenance	3,818	92,995
Insurance	99,172	117,274
Credit card commission	-	72,867
Other expenses	137,560	275,673
	1,074,210	**3,688,447**
Promotional expenses		
Advertising	**-**	**56,208**
Depreciation and amortisation		
Depreciation	276,702	260,428
Amortisation	32,373	31,443
	309,075	**291,861**
Total	**1,431,930**	**5,872,660**

12. (Loss)/earnings per share

(Loss)/earnings per share is calculated by dividing (loss)/profit for the year by the weighted average number of ordinary shares in issue for the year:

	2021 US$	2020 US$
Net (loss)/profit attributable to owners	**(1,382,201)**	**72,132**
Weighted average number of shares	**67,500,000**	**67,500,000**
(Loss)/earnings per share	**(0.02)**	**0.001**

13. Ordinary dividends

	2021 US$	2020 US$
Dividends	-	305,725
Total	**-**	**305,725**

The Board haven't declared dividends for 2021. Dividend of US$0.023 and 0.0022 was declared in prior period.

14. Employee benefits

	2021 US$	2020 US$
Salaries, wages and related expenses	366,106	1,503,310
Commission	-	20,105
Medical and other staff benefits	139,962	303,714
Total	**506,068**	**1,827,129**

15. Lease payments not recognised as a liability

The company has variable lease payment not permitted to be recognised as lease liabilities and are expensed as incurred. Under the lease agreement the company pays lease expense based on estimated average cruise passenger arrivals. Lease expense for the year amounted to $NIL (2020 - $528,711).

16. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

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

The company is not exposed to currency risk.

16. Risk management policies (cont'd)

a Market risk (cont'd)

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates

Interest rate sensitivity

Interest rate on the company's lease obligation is fixed up to the dates of repayment and interest on the company's bank accounts is immaterial. As such, there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates.

iii Other price risk

Other price 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 instrument or its issuer or factors affecting all instruments traded in the market. The company's financial instruments are substantially independent of changes in market prices.

b Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company faces credit risk in respect of its receivables and cash and cash equivalents held with financial institutions. It is the company's policy to deal only with credit worthy financial institutions and other counterparties, to control credit risk.

Cash and cash equivalents

Credit risk for cash and cash equivalents is managed by maintaining these balances with licensed financial institutions considered to be stable and creditworthy.

Receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for receivables. To measure expected credit losses on a collective basis, receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the company's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company experienced no credit losses over the past two years and does not expect to incur any credit loss based on its current business model.

16. Risk management policies (cont'd)

b Credit risk (cont'd)

Receivables (cont'd)

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at end of the reporting period, as summarised below:

	2021 US$	2020 US$
Trade and other receivables	91,814	101,404
Due from related companies	-	815,457
Cash and cash equivalents	7,992	5,949
Total	**99,806**	**922,810**

The age of trade and other receivables past due but not impaired is as follows:

	2021 US$	2020 US$
Not more than 30 days	91,814	101,404
Total	**91,814**	**101,404**

The company does not require collateral or other credit enhancements in respect of trade and other receivables.

c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash and cash equivalents for up to three months or less to meet its liquidity requirements.

The company's financial liabilities comprise lease obligation and trade and other payables.

As at May 31, 2021 the company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current Within 12 Months $
Due to related companies	253,723
Trade and other payables	909,591
Total	**1,163,314**

16. Risk management policies (cont'd)

c Liquidity risk (cont'd)

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

	Current Within 12 Months
	$
Trade and other payables	1,040,269
Total	**1,040,269**

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the end of the reporting period.

17. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities. (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices). (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). (Level 3).

The amounts included in the financial statements for cash and cash equivalents, trade and other receivables, related companies and trade and other payables reflect their approximate fair values because of the short-term maturity of these instruments.

The fair value of the lease obligation of capital leases approximate their carrying values because interest rates at the year-end were at market rates.

18. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows:

	2021 US$	2020 US$
Financial assets measured at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	91,814	101,404
Due from related companies	-	815,457
Cash and cash equivalents	7,992	31,401
	99,806	**948,262**
Financial liabilities measured at amortised costs		
Current liabilities		
Due to related companies	253,723	-
Trade and other payables	909,591	1,040,269
	1,163,314	**1,040,269**

19. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions.

The two operating segments are food and beverage and gift shop. However, the revenue from the sale of gift shop items is not considered material and therefore no segment reporting is disclosed in these financial statements.

20. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to provide adequate return to shareholders by pricing products commensurately with the level of risk and current market conditions.

The company is not subject to any externally imposed capital requirements.

NOTES

FORM OF PROXY

$100 stamp to be affixed

MARGARITAVILLE (TURKS) LTD.

I/We, _____
[INSERT NAME]

of _____
[ADDRESS]

being a shareholder(s) of the above-named Company, hereby appoint:

_____
[PROXY NAME]

of _____
[ADDRESS]

or failing him, _____
[ALTERNATE PROXY]

of _____
[ADDRESS]

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 1:00pm on Wednesday, April 27, 2022 at Margaritaville Caribbean Group Ltd.'s Boardroom, #16, M19 Southern Cross Boulevard, Freeport, Montego Bay and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed the proxy form will be used as he/she thinks fit. Please tick the appropriate box.

ORDINARY BUSINESS

	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		

Signed this _____ day of _____ 2022

Print Name: _____ Signature: _____

NOTES: When completed, this Form of Proxy must be received by the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time for holding the meeting. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the persons signing the proxy form. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.


Jimmy Buffett's
MARGARITAVILLE
GRAND TURK