

CAC 2000 LIMITED

Notes to the Financial Statements

Second Quarter Ended April 30, 2022

1. Identification

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

2. Statement of compliance and basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

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

3. Significant accounting policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements for the twelve months ended October 31, 2021

4. Property Plant & Equipment

	Lease Hold Building Improvement	Motor Vehicles	Plant & Machinery	Furniture & Fixtures	Computer & Peripherals	Office Equipment	Tools & Equipment	EPR	Paintings	GRAND TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost - 01/11/21	23,956	50,882	14,255	3,506	33,319	1,979	2,785	4,031	500	135,211
Revaluation/Adjustment										-
Additions	-	17,995	-	98	-	-	-	-	-	18,093
Reclassification due to IFRS 16	-									-
Disposal		-	-	-	-	-	-			-
Cost - 30/4/22	23,956	68,877	14,255	3,604	33,319	1,979	2,785	4,031	500	153,304
Depreciation - 01/11/2021	23,956	45,702	4,667	2,280	32,325	1,350	2,463	1,007	-	113,748
Prior year adj.		-								-
Depreciation on Disposal			-							-
Depreciation Charge -Month	-	3,313	646	133	397	147	119	448	-	5,202
Accumulated Depreciation	23,956	49,015	5,313	2,413	32,721	1,497	2,581	1,455	-	118,950
Net Book Value April 2022	(0)	19,862	8,942	1,191	597	482	203	2,576	500	34,354
Net Book Value -Oct 2021	(0)	5,180	9,588	1,226	994	629	322	3,247	500	21,686

CAC 2000 LIMITED

Notes to the Financial Statements
Second Quarter Ended April 30, 2022

5. Right-of-Use-Asset

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

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

5a. Right-of-use assets- Property

	April 2022
	\$
Balance at November 1, 2021	78,064,914
Depreciation	<u>(8,364,098)</u>
Balance as at April 30, 2022	<u>69,700,816</u>

5b. Lease liabilities – right of use asset

Maturities analysis- contractual undiscounted cash flows:

	April 2022
	\$
Not later than 1 year	15,794,601
Later than 1 year and not later than 5 years	<u>83,199,118</u>
Total undiscounted lease liability at April 30, 2022	<u>98,993,719</u>
Less: future interest payments	<u>(18,002,680)</u>
	<u>80,991,038</u>

5c. Right of use lease liabilities included in the statement of financial position at April 30, 2022:

	April 2022
	\$
Current	15,383,031
Non-current	<u>65,608,008</u>
	<u>80,991,039</u>

CAC 2000 LIMITED

Notes to the Financial Statements

Second Quarter Ended April 30, 2022

5. Right of Use Asset (Cont'd)

Amount recognized in profit or loss – right of use asset

	\$
Interest on lease liabilities	3,855,832
Depreciation of right of use asset	<u>8,364,098</u>

Amount recognized in the statement of cash flows

	\$
Total cash outflow for leases - right of use asset	<u>2,085,695</u>

6. Deferred taxation

Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

At January 31, 2022, deferred tax was accounted for because the company 100% tax free remission status expired January 7, 2021. Subsequent to the expiration of the 100% tax remission, the company progresses to the second phase of tax remission in which it will be exempted from payment of 50% of its income tax liability from January 8, 2021 to January 7, 2026. Deferred tax will therefore be calculated at an effective tax rate of 12.5%

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

	\$
Asset as at 01 November 2021	3,368,475
Increase in provision for deferred tax	<u>1,469,840</u>
Net asset at end of the quarter 30 April 2022	<u>4,838,315</u>

CAC 2000 LIMITED

Notes to the Financial Statements

Second Quarter Ended April 30, 2022

7. Trade and Other Receivables

	April	April	October
	2022	2021	2021
		\$	\$
Trade	719,994,604	698,283,549	765,461,602
Less: expected credit loss	<u>69,989,544</u>	<u>(75,064,293)</u>	<u>(69,447,035)</u>
	650,005,060	623,219,256	696,014,567
Other receivables	75,715,933	18,733,446	34,940,082
Prepayments	<u>17,588,017</u>	<u>16,513,808</u>	<u>9,559,003</u>
	<u><u>743,309,010</u></u>	<u><u>658,466,510</u></u>	<u><u>740,513,652</u></u>

Aging of trade receivables at financial year end 31 October was:

	2021	2021	2021
	Gross Carrying Amount \$	Expected Credit Loss rate	Expected Credit Loss \$
0-30 days	259,922,602	7%	18,750,699
31-60 days	63,273,528	5%	3,472,352
61-180 days	116,542,673	18%	9,722,585
More than 180 days	<u>325,722,799</u>	39%	<u>37,501,399</u>
	<u><u>765,461,602</u></u>		<u><u>69,447,035</u></u>

	2020	2020	2020
	Gross Carrying Amount \$	Expected Credit Loss Rate	Expected Credit Loss \$
0-30 days	185,106,700	9%	16,945,843
31-60 days	48,585,190	7%	3,595,502
61-180 days	120,841,581	10%	11,729,384
More than 180 days	<u>336,255,231</u>	14%	<u>48,131,923</u>
	<u><u>685,094,966</u></u>		<u><u>80,402,652</u></u>

CAC 2000 LIMITED

Notes to the Financial Statements
Second Quarter Ended April 30, 2022

8. Share capital

	April 2022	April 2021
	Units	Units
Authorised ordinary units of no par value	200,000,000	200,000,000
Issued ordinary units of no par value	129,032,258	129,032,258
Share capital:	\$	\$
Issued and fully paid ordinary stocks of no par value	129,189,757	129,189,757

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

9. Loans and borrowings

	April 2022	April 2021
	\$	\$
Bank Loans:		
Motor vehicle loans	21,754,380	5,922,134
Premium financing Loan	6,508,840	8,307,281
BNS revolving loan facility	105,000,000	55,000,000
Redeemable preference shares	<u>200,000,000</u>	<u>200,000,000</u>
	333,263,220	269,229,415
Less: Current portion	<u>(114,422,294)</u>	<u>(64,580,632)</u>
Non-current portion	<u>218,840,925</u>	<u>204,648,783</u>

(a) Redeemable preference shares:

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

CAC 2000 LIMITED

Notes to the Financial Statements
Second Quarter Ended April 30, 2022

10. Trade and Other Payables

	April 2022	April 2021
	\$	\$
Trade payable	603,225,884	408,142,306
Other payable	<u>78,997,878</u>	<u>33,941,261</u>
	<u>682,223,762</u>	<u>442,083,567</u>

11. Income Tax

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective January 7, 2016. Consequently, the Company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

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

The company is now entitled to the second five (5) years of tax remission in which it is exempted from payment of 50% of its tax liability for each financial year, spanning from January 8, 2021, to January 7, 2026.

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

	<u>2022</u>
	\$
Income tax Expense	1,001,043
Deferred income taxes (Note 6)	<u>(1,469,840)</u>
Total current tax expense	<u><u>(468,798)</u></u>