

CAC 2000 LIMITED

Notes to the Financial Statements
Third Quarter Ended July 31, 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. Movements in fixed assets

	Lease Hold Building Improvement	Motor Vehicles	Plant & Machinery	Furniture & Fixtures	Computer & Peripherals	Office Equipment	Tools & Equipment	ERP	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	-	238	-	-	-	-	-	18,233
Reclassification due to IFRS 16	-									-
Disposal		-	-	-	-	-	-			-
Cost - 31/7/22	23,956	68,877	14,255	3,744	33,319	1,979	2,785	4,031	500	153,444
Depeciation - 01/11/2021	23,956	45,702	4,667	2,280	32,325	1,350	2,463	784	-	113,525
Prior year adj.		-								-
Depreciation on Disposal			-							-
Depreciation Charge -YTD	-	5,569	970	203	574	221	178	1,008	-	8,723
Accumulated Depreciation	23,956	51,271	5,636	2,483	32,899	1,570	2,641	1,792	-	122,248
Net Book Value July 2022	(0)	17,606	8,618	1,261	420	409	144	2,239	500	31,196
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
Third Quarter Ended July 31, 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 recognize right-of-use assets and lease liabilities that have an unexpired lease term of 12 months or less. The company recognizes the lease payments associated with these leases as an expense over the lease term.

5a. Right-of-use assets- Property

	July 2022
	\$
Balance at November 1, 2021	78,064,914
Depreciation	<u>(12,546,146)</u>
Balance as at July 31, 2022	<u>65,518,767</u>

5b. Lease liabilities – right of use asset

Maturities analysis- contractual undiscounted cash flows:

	July 2022
	\$
Not later than 1 year	12,653,062
Later than 1 year and not later than 5 years	<u>83,199,118</u>
Total undiscounted lease liability at April 30, 2022	<u>95,852,180</u>
Less: future interest payments	<u>(18,002,680)</u>
	<u>77,849,501</u>

5c. Right of use lease liabilities included in the statement of financial position at July 31, 2022:

	July 2022
	\$
Current	15,383,031
Non-current	<u>62,466,470</u>
	<u>77,849,501</u>

CAC 2000 LIMITED

Notes to the Financial Statements
Third Quarter Ended July 31, 2022

5. Right of Use Asset (Cont'd)

Amount recognized in profit or loss – right of use asset	\$
Interest on lease liabilities	5,813,888
Depreciation of right of use asset	<u>12,546,146</u>
Amount recognized in the statement of cash flows	\$
Total cash outflow for leases - right of use asset	<u>5,227,233.00</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 recognized on the statement of financial position are as follows:

	\$
Asset as at 01 May 2022	4,838,315
Decrease in provision for deferred tax	552,402
Net asset at end of the quarter 31 July 2022	<u>4,285,913</u>

CAC 2000 LIMITED

Notes to the Financial Statements
Third Quarter Ended July 31, 2022

7. Trade and Other Receivables

	July 2022	July 2021	October 2021
		\$	\$
Trade	609,570,537	635,083,195	765,461,602
Less: expected credit loss	<u>(70,289,544)</u>	<u>(69,116,542)</u>	<u>(69,447,035)</u>
	539,280,993	565,966,653	696,014,567
Other receivables	72,707,660	43,553,417	34,940,082
Prepayments	<u>10,771,731</u>	<u>13,090,231</u>	<u>9,559,003</u>
	<u><u>622,760,385</u></u>	<u><u>622,610,301</u></u>	<u><u>740,513,652</u></u>

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

	2021 Gross Carrying Amount \$	2021 Expected Credit Loss rate	2021 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 Gross Carrying Amount \$	2020 Expected Credit Loss Rate	2020 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
Third Quarter Ended July 31, 2022

8. Share capital

	July 2022	July 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

	July 2022	July 2021
	\$	\$
Bank Loans:		
Motor vehicle loans	20,497,485	5,377,994
Premium financing Loan	-	4,115,571
BNS revolving loan facility	145,000,000	-
Redeemable preference shares	200,000,000	200,000,000
	365,497,485	209,493,565
Less: Current portion	(150,027,580)	(4,664,574)
Non-current portion	215,469,905	204,828,991

(a) Redeemable preference shares:

350,000,000 fixed and variable rate redeemable preference shares were authorized with an issue price of \$1 per share. Of this 200,000,000 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
Third Quarter Ended July 31, 2022

10. Trade and Other Payables

	July	July
	2022	2021
	\$	\$
Trade payable	102,916,997	170,959,155
Other payable	522,744,387	321,403,632
	<u>625,661,384</u>	<u>492,362,787</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	
Deferred income taxes (Note 6)	<u>552,402</u>
Total current tax expense	<u><u>0</u></u>