HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

Express Catering Limited

Financial Statements
(Expressed in United States Dollars)

May 31, 2022

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HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

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We have audited the financial statements of Express Catering Limited ("the Company") which comprise the statement of financial position as at May 31, 2022, 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, 2022, 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.

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.

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.

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

To the Members of
Express Catering Limited

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

Other information (cont'd)

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 the Jamaican Companies Act, 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.

- 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.

Independent auditor's report (cont'd)

To the Members of
Express Catering Limited

Report on the Financial Statements (cont'd)

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

- 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

HLB Mair Russell

September 12, 2022 Chartered Accountants

Express Catering Limited
Statement of financial position
May 31, 2022

	Note	2022 US$	2021 US$
Assets			
Non-current			
Property, plant and equipment	(3a)	4,123,769	3,933,553
Right-of-use asset	(3b)	24,031,310	26,215,975
Intangible assets	(4)	792,122	940,556
		28,947,201	**31,090,084**
Current			
Inventories	(5)	302,581	463,782
Trade and other receivables	(6)	308,545	190,194
Due from related companies	(7)	10,659,707	7,638,784
Cash and bank balances	(8)	276,254	424,365
		11,547,087	**8,717,125**
Total assets		**40,494,288**	**39,807,209**
Equity and liabilities			
Equity			
Share capital	(9)	73,861	73,861
Capital reserve	(10)	43,490	43,490
Retained earnings		3,220,776	2,123,973
Total equity		**3,338,127**	**2,241,324**
Liabilities			
Non-current			
Borrowings	(11)	8,362,630	8,036,324
Lease liabilities	(12)	22,651,761	24,628,804
Deferred tax liability	(13)	89,150	89,150
		31,103,541	**32,754,278**
Current			
Bank overdraft	(8)	186,148	67,382
Trade and other payables	(14)	3,881,765	2,821,072
Current portion of lease liabilities	(12)	1,984,707	1,923,153
		6,052,620	**4,811,607**
Total liabilities		**37,156,161**	**37,565,885**
Total equity and liabilities		**40,494,288**	**39,807,209**

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

Approved for issue by the Board of Directors on September 12, 2022 and signed on its behalf by:

John Byles

______________________) Director
John Byles

______________________) Director
Ian Dear

Express Catering Limited
Statement of profit or loss and Other comprehensive income
Year ended May 31, 2022

	Note	2022 US$	2021 US$
Revenue		14,241,229	4,412,511
Cost of sales		(5,002,167)	(1,526,305)
Gross profit		**9,239,062**	**2,886,206**
Administrative expenses	(15)	(4,018,997)	(2,005,997)
Promotional expenses		(4,858)	(13,996)
Depreciation and amortisation		(2,780,369)	(2,410,656)
Operating profit/(loss)		**2,434,838**	**(1,544,443)**
Covid-19 rent concession	(12)	715,199	1,791,536
Finance income	(16)	4,551	2,855
Finance costs	(16)	(2,065,844)	(1,925,082)
Gain/(loss) on foreign exchange		8,059	(59,378)
Profit/(loss)for the year being total comprehensive income/(loss) for the year		**1,096,803**	**(1,734,512)**
Earnings/(loss) per share	(17)	**0.0007**	**(0.001)**

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

Express Catering Limited
Statement of changes in equity
Year ended May 31, 2022

	Share Capital US$	Capital Reserve US$	Retained Earnings US$	Total US$
Balance at May 31, 2020	73,861	43,490	3,858,485	3,975,836
Loss for the year being total comprehensive loss for the year	-	-	(1,734,512)	(1,734,512)
Balance at May 31, 2021	73,861	43,490	2,123,973	2,241,324
Profit for the year being total comprehensive loss for the year	-	-	1,096,803	1,096,803
Balance at May 31, 2022	**73,861**	**43,490**	**3,220,776**	**3,338,127**

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

Express Catering Limited
Statement of cash flows
Year ended May 31, 2022

	2022 US$	2021 US$
Cash flows from operating activities:		
Profit/(loss) before tax	**1,096,803**	**(1,734,512)**
Adjustments for:		
Depreciation and amortisation	2,780,369	2,410,656
Interest expense	2,065,844	1,925,082
Rent concessions	(715,199)	(1,791,536)
Interest income	(4,551)	(2,855)
	5,223,266	**806,835**
Decrease/(increase) in inventories	161,202	(131,501)
Increase in receivables	(118,351)	(9,133)
Increase in owing by related companies	(3,020,923)	(4,002,285)
Increase in trade and other payables	365,315	1,364,742
Cash generated from/(used in) operations	**2,610,509**	**(1,971,342)**
Interest paid	(1,044,157)	(1,595,315)
Net cash provided by/(used in) operating activities	**1,566,352**	**(3,566,657)**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(636,668)	(179,247)
Purchase of intangible assets	(819)	(85,709)
Interest received	4,551	2,855
Net cash used in investing activities	**(632,936)**	**(262,101)**
Cash flows from financing activities		
Repayment of lease obligations	(1,200,293)	(159,768)
Proceeds from borrowing	-	8,000,000
Repayment of preference share	-	(3,500,000)
Interest on preference shares paid	-	(329,767)
Net cash (used in)/provided by financing activities	**(1,200,293)**	**4,010,465**
(Decrease)/increase in cash and cash equivalents	(266,877)	181,707
Cash and cash equivalents at beginning of year	356,983	175,276
Cash and cash equivalents at end of year (Note 8)	**90,106**	**356,983**

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

1. General information and nature of operations

The company was incorporated under the Laws of Jamaica on June 26, 2001. Its registered office is Unit 16 M19 Southern Cross Boulevard, Montego Freeport, Montego Bay.

Its main activities during the year were the operation of branded sports bars and restaurants at Sangster International Airport, Montego Bay. The company is a subsidiary of Margaritaville St. Lucia Inc, whose ultimate parent is Margaritaville Caribbean Group Ltd., a company registered under the Bahamas IBC Act of 2000.

The company was listed on the Junior Market of the Jamaica Stock Exchange in July 2017.

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 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 IAS 1 and IAS 8 on the definition of material. These amendments to IAS 1, Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 9 IAS 39, IFRS 4, IFRS 16 and IFRS 7- Interest rate benchmark reform. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

c 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 IAS 1, Presentation of financial statements', on classification of liabilities, (effective for annual periods beginning on or after January 1 , 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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

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

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to I AS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after January 1, 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

d 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.

e 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.

f Intangible assets

These represent amounts spent on the development of new products, processes and systems which is being amortised over 7 years.

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

g Functional and presentation currency

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 translations 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 ruling at the dates of those transactions.

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

h 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.

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

h 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.

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.

i Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses, directly attributable to goods sold. Net realisable value is the estimated selling price in the ordinary course of business less any related selling expenses.

j 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.

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

k 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.

l Due from related company

Amounts due from related company are carried at cost.

m 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 measured at amortised cost.

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)

m 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

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

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

n Trade and other payables

Trade and other payables are obligations to pay for goods or services that have acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

o Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax.

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

Deferred tax is accounted for using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

p Leased assets

As described in Note 2c, the company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

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).

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

p Leased assets (cont'd)

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.

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.

q 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.

r 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.

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

s Use of estimates and judgements

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.

Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation and amortisation are 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).

Expected credit loss

In assessing provision for doubtful debts, management estimates the recoverable amount of overdue balances. Estimation uncertainty relates to assumptions about future collectability of these overdue balances.

3a. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the years included in the financial statements as at May 31, 2022, can be analysed as follows:

	Work in progress	Building and Leasehold Improvement US$	Motor Vehicle US$	Entertainment Equipment US$	Computer US$	Furniture and Fixtures US$	Bar and Restaurant Equipment US$	Total US$
Gross carrying amount								
Balance as at June 1, 2021	144,302	2,862,343	56,761	178,235	557,491	2,855,767	2,464,709	9,119,608
Additions	629,029	-	-	-	6,559	-	1,080	636,668
Balance as at May 31, 2022	**773,331**	**2,862,343**	**56,761**	**178,235**	**564,050**	**2,855,767**	**2,465,789**	**9,756,276**
Depreciation and impairment								
Balance as at June 1, 2021	-	(1,325,851)	(56,761)	(140,484)	(434,951)	(1,688,577)	(1,539,431)	(5,186,055)
Depreciation	-	(96,362)	-	(4,808)	(22,319)	(165,743)	(157,220)	(446,452)
Balance as at May 31, 2022	**-**	**(1,422,213)**	**(56,761)**	**(145,292)**	**(457,270)**	**(1,854,320)**	**(1,696,651)**	**(5,632,507)**
Carrying amount as at May 31, 2022	**773,331**	**1,440,130**	**-**	**32,943**	**106,780**	**1,001,447**	**769,138**	**4,123,769**

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

	Work in progress	Building and Leasehold Improvement US$	Motor Vehicle US$	Entertainment Equipment US$	Computer US$	Furniture and Fixtures US$	Bar and Restaurant Equipment US$	Total US$
Gross carrying amount								
Balance as at June 1, 2020	-	2,862,343	56,761	178,235	522,546	2,855,767	2,464,709	8,940,361
Additions	144,302	-	-	-	34,945	-	-	179,247
Balance as at May 31, 2021	**144,302**	**2,862,343**	**56,761**	**178,235**	**557,491**	**2,855,767**	**2,464,709**	**9,119,608**
Depreciation and impairment								
Balance as at June 1, 2020	-	(1,229,489)	(56,761)	(135,675)	(412,632)	(1,522,835)	(1,382,212)	(4,739,604)
Depreciation	-	(96,362)	-	(4,809)	(22,319)	(165,742)	(157,219)	(446,451)
Balance as at May 31, 2021	-	**(1,325,851)**	**(56,761)**	**(140,484)**	**(434,951)**	**(1,688,577)**	**(1,539,431)**	**(5,186,055)**
Carrying amount as at May 31, 2021	**144,302**	**1,536,492**	**-**	**37,751**	**122,540**	**1,167,190**	**925,278**	**3,933,553**

3b. Right-of-use asset

	2022 US$
Gross carrying amount	
Balance as at June 1, 2021	29,812,989
Carrying amount at May 31, 2022	**29,812,989**
Amortisation	
Balance as at June 1, 2021	(3,597,014)
Amortised during the year	(2,184,665)
Carrying amount at May 31, 2022	(5,781,679)
Carrying amount as at May 31, 2022	**24,031,310**

Right-of-use asset

	2021 US$
Gross carrying amount	
Balance as at June 1, 2020	24,711,022
Increase in asset	5,101,967
Carrying amount at May 31, 2021	**29,812,989**
Amortisation	
Balance as at June 1, 2020	(1,782,062)
Amortised during the year	(1,814,952)
Carrying amount at May 31, 2021	(3,597,014)
Carrying amount as at May 31, 2021	**26,215,975**

Right-of-use asset represents property spaces leased.

4. Intangible assets

These represents amounts spent on the development of new products, processes and systems and amounts paid for licenses and franchises are being amortised over 7 years.

	Development Cost US$	Licenses and Franchises US$	Total US$
Gross carrying amount			
Balance as at June 1, 2021	649,374	1,368,231	2,017,605
Additions	819	-	819
Balance as at May 31, 2022	**650,193**	**1,368,231**	**2,018,424**
Amortisation			
Balance as at June 1, 2021	(131,150)	(945,899)	(1,077,049)
Amortisation	(60,288)	(88,965)	(149,253)
Balance as at May 31, 2022	**(191,438)**	**(1,034,864)**	**(1,226,302)**
Carrying amount as at May 31, 2022	**458,755**	**333,367**	**792,122**

4. Intangible assets (cont'd)

	Development Cost US$	Licenses and Franchises US$	Total US$
Gross carrying amount			
Balance as at June 1, 2020	598,665	1,333,231	1,931,896
Additions	50,709	35,000	85,709
Balance as at May 31, 2021	**649,374**	**1,368,231**	**2,017,605**
Amortisation			
Balance as at June 1, 2020	(70,862)	(856,934)	(927,796)
Amortisation	(60,288)	(88,965)	(149,253)
Balance as at May 31, 2021	**(131,150)**	**(945,899)**	**(1,077,049)**
Carrying amount as at May 31, 2021	**518,224**	**422,332**	**940,556**

5. Inventories

	2022 US$	2021 US$
Food	148,640	135,234
Beverage	34,652	34,831
Gift Shop	24,684	31,983
Other	94,605	261,734
Total	**302,581**	**463,782**

6. Trade and other receivables

	2022 US$	2021 US$
Receivables	45,917	9,230
Staff loan	5,540	11,166
Deposit	158,799	42,000
Other receivables	6,065	60,737
Prepayments	92,224	67,061
Total	**308,545**	**190,194**

7. Related party balances and transactions

The company is related to the various companies in the Caribbean operating under the Margaritaville franchise, by way of common shareholders and directors.

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

	2022 US$	2021 US$
Margaritaville Limited	10,659,707	7,638,784
	10,659,707	**7,638,784**

ii Related party balances are unsecured. Related party balances have no fixed repayment terms.

8. Cash and cash equivalents

	2022 US$	2021 US$
Cash and bank balances	276,254	424,365
Bank overdraft	(186,148)	(67,382)
Total	**90,106**	**356,983**

Bank Overdraft represents the excess of unpresented cheques over bank balances at the end of year. The company does not operate an overdraft facility.

9. Share capital

	2022 US$	2021 US$
Authorised		
Issued and fully paid:		
1,637,500,000 ordinary shares (No par value)	73,861	73,861
	73,861	**73,861**

On June 26, 2017, the company adopted new public company Articles of Incorporation and passed (amongst others) the following resolutions with the approval of its holding company, Margaritaville St. Lucia:

- The sub-division of each Share into 250 units, for the purposes of pricing the Sale Shares in the Invitation and for the creation of liquidity in the trading market for the Shares following a successful listing on the Junior Market of the Junior Stock Exchange (JSE).
- The conversion of each fully paid Share to stock for the purposes of the application proposed to be made to list the Shares on the Junior Market of the JSE.

10. Capital reserve

The above represents net income earned two months prior to the date of incorporation as follows:

	US$
Gross income	159,538
Less: Expenses	(94,303)
Taxation	(21,745)
	43,490

11. Borrowing

	2022 US$
Balance at June 1, 2021	8,036,324
Deferred interest	326,306
Balance at May 31, 2022	**8,362,630**

Sygnus Credit Investment Limited (SCI) loan of $8,000,000 commenced on December 15, 2020.The loan is to assist with the refinance of preference shares and business expansion and is to be repaid at the end of 60 months with an interest rate of 8% cash and 4% deferred quarterly and payable at maturity.

If the EBITA is greater than $5.5 million after the second anniversary (year 2), the deferred coupon shall fall to 3.5%.

Express Catering Limited is to maintain financial covenants of a minimum Debt Service Coverage ratio of 1.25 times and a maximum Debt to EBITDA ratio of 4 times.

12. Lease liabilities

The Company operates under a Concession Licence Agreement granted to it in December 2011 by MBJ Airports Limited which operates Sangster International Airport. This Concession Licence Agreement permits the Company to develop and use 31,570.70 square feet of space for food and beverage concessions at the post- security screening area.

Information about leases for which the company is a lessee is presented below:

(a) **Lease liabilities**

	2022 $	2021 $
Current	1,984,707	1,923,153
Non-current	22,651,761	24,628,804
Total	**24,636,468**	**26,551,957**

Future minimum lease payments are as follows:

	Within 1 year $	1 to 5 Years $	Over 5 Years $	Total $
Lease payments	(2,916,989)	(14,546,640)	(12,541,528)	(30,004,157)
Finance charges	932,282	3,414,062	1,022,345	5,361,028
Net present values	**(1,984,707)**	**(11,132,578)**	**(11,519,183)**	**(24,636,468)**

12. Lease liabilities (cont'd)

Information about leases for which the company is a lessee is presented below:

(b) **Amounts recognised in the profit or loss**

	2022 $	2021 $
Amortisation charged on right-of-use assets	2,184,665	1,814,952
Interest expense on lease liabilities	1,008,326	1,081,164
Concessions on rent	(715,199)	(1,791,536)
	2,477,792	**1,081,164**

(c) **Amounts recognised in the statement of cash flow**

	2022 $	2021 $
Principal payments	1,200,293	159,767
Interest payments	1,008,326	1,057,748
Concessions on rent	715,199	1,791,536
Cash out flows for leases	**2,923,818**	**3,009,051**

13. Deferred tax liability

Deferred taxes are calculated on all temporary differences under the liability method using a tax rate of 25%. The movement on the deferred tax account is as follows:

	2022 US$	2021 US$
Balance at beginning of year	89,150	89,150
Balance at end of year	**89,150**	**89,150**

14. Trade and other payables

	2022 US$	2021 US$
Trade payables	2,656,754	2,235,224
Accrued expenses	103,040	100,904
Loan interest payable	695,378	160,000
Other payables	426,593	324,944
Total	**3,881,765**	**2,821,072**

15. Expenses by nature

Total direct, administrative and other operating expenses:

	2022 US$	2021 US$
Direct expenses		
Cost of inventories recognised as expense	**5,002,167**	**1,526,305**
Administrative expenses		
Employee benefits (Note 20)	1,381,411	922,452
Lease expense	916,230	382,626
Franchise fees	439,693	121,221
Audit Fees	14,400	14,400
Other expenses	1,267,263	565,298
Total	**4,018,997**	**2,005,997**
Promotional expenses		
Advertising	**4,858**	**13,996**
Depreciation and amortisation		
Depreciation	446,451	446,451
Amortisation	2,333,918	1,964,205
Total	**2,780,369**	**2,410,656**

16. (a) Finance income

Finance income includes all income from financial assets and comprises:

	2022 US$	2021 US$
Interest income from financial assets	4,551	2,855
Total	**4,551**	**2,855**

(b) Finance costs

Finance costs includes all interest related expenses which have been included in the statement of profit or loss and comprises:

	2022 US$	2021 US$
Preference dividends	-	329,767
Interest expense on lease liabilities (note 12)	1,008,326	1,057,748
Overdraft and loan interest	1,057,518	537,567
Total	**2,065,844**	**1,925,082**

17. Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue for the year.

	2022 US$	2021 US$
Profit/(loss) attributable to shareholders	1,096,803	(1,734,512)
Weighted average number of shares	1,637,500,000	1,637,500,000
Earnings/(loss) per share	0.0007	(0.001)

18. Income taxes

The Company will not be liable to pay corporate income tax in its first 5 years on the Junior Market. It will be liable to corporate income tax at half of the usual rate in years 6 to 10 on the Junior Market. If the Company breaches any Junior Market requirements, it may be liable to repay the tax that was remitted.

Reconciliation of theoretical tax charge to effective tax charge:

	2022 US$	2021 US$
Profit/(loss) before tax	1,096,803	(1,734,512)
Tax at applicable tax rate of 25%	274,201	(433,628)
Tax effect of expenses not deductible for tax purpose	695,093	599,868
Tax effect of allowances and remission of tax	(969,294)	(166,240)
Income tax charge for the year	-	-

19. Ordinary dividends

The Board did not declare a dividend for the current year and prior year.

20. Employee benefits

	2022 US$	2021 US$
Wages and taxes	1,200,826	781,767
Medical and other staff benefits	180,585	140,685
Total	**1,381,411**	**922,452**

There were one hundred and ninety-seven (197) - (2021 - One hundred and forty-five (145)) permanent employees at year end.

21. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market (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 it use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both operating and investing activities.

i Currency risk and sensitivity

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.

However, the company's financial statements are denominated in United States Dollar and as such there is no exposure to this risk.

ii Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-earning assets closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

Interest rate sensitivity

Due to the fact that interest earned from the company's interest earning bank accounts is immaterial, 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 issue or factors affecting all instruments traded in the market.

The company is not exposed to other price risk as it has no investment in equity instruments.

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. However, this risk is controlled by close monitoring of these assets by the company. In addition these deposits are maintained with commercial banks that are insured under the Jamaica Deposit Insurance Scheme (JDIS).

21. Risk management policies (cont'd)

b Credit risk (cont'd)

Receivables and other 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 only grants credits to Airlines. 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.

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

	2022 US$	2021 US$
Trade and other receivables	308,545	190,194
Cash and bank balances	276,254	424,365
Total	**584,799**	**614,559**

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 savings deposits for up to 30-day periods to meet its liquidity requirements.

The company's financial liabilities comprise trade and other payables, bank overdraft, preference shares and lease obligation. The contractual maturities (including interest where applicable) are as follows:

May 31, 2022

	Current Within 12 Months US$	Non-current 1 to 5 years US$	Over 5 years US$
Bank overdraft	186,148	-	-
Trade and other payables	3,881,765	-	-
Lease liabilities	2,916,989	14,546,640	12,541,528
Borrowings	668,000	11,494,901	-
Total	**7,652,902**	**26,041,541**	**12,541,528**

21. Risk management policies (cont'd)

c Liquidity risk (cont'd)

May 31, 2021

	Current Within 12 Months US$	Non-current 1 to 5 years US$	Over 5 years US$
Bank overdraft	67,382	-	-
Trade and other payables	2,821,072	-	-
Lease liabilities	2,931,479	14,546,640	15,450,856
Borrowings	668,000	12,045,154	-
Total	**6,484,933**	**26,591,794**	**15,450,856**

22. 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 company's assets and liabilities are measured at amortised costs and the carrying amounts for these are disclosed at Note 25.

23. Summary of financial assets and liabilities by category

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

	2022 US$	2021 US$
Financial assets measured at amortised costs		
Trade and other receivables	308,545	190,194
Due from related companies	10,659,707	7,638,784
Cash and bank balances	276,254	424,365
Total	**11,244,506**	**8,253,343**
Financial liabilities measured at amortised costs		
Non-current		
Lease liabilities	22,651,761	24,628,804
Borrowings	8,362,630	8,036,324
	31,014,391	**32,665,128**
Current		
Bank overdraft	186,148	67,382
Trade and other payables	3,881,765	2,821,072
Current portion of lease liabilities	1,984,707	1,923,153
	6,052,620	**4,811,607**

24. 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 which are normally priced together as a meal and therefore no segment reporting is disclosed in these financial statements.

25. 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.