HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

Margaritaville (Turks) Ltd

(Expressed in United States Dollars)
Financial Statements
May 31, 2022

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HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

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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, 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.

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.

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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)

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.

- 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.

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)

- 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 Karen Lewis.

Montego Bay, Jamaica

HLB Mair Russell
Chartered Accountants

September 12, 2022

Margaritaville (Turks) Ltd
Statement of financial position
May 31, 2022

	Note	2022 US$	2021 US$
Assets			
Non-current			
Property, plant and equipment	(3)	2,772,527	3,023,329
Development cost	(4)	-	16,187
Non-current assets		**2,772,527**	**3,039,516**
Current			
Inventories	(5)	898,369	935,897
Trade and other receivables	(6)	254,351	91,814
Due from related companies	(7)	273,108	-
Cash and bank balances	(8)	62,906	7,992
Current assets		**1,488,734**	**1,035,703**
Total assets		**4,261,261**	**4,075,219**
Equity and liabilities			
Equity			
Share capital	(9)	522,360	522,360
Retained earnings		1,780,407	2,389,545
Total equity		**2,302,767**	**2,911,905**
Liabilities			
Current			
Due to related companies	(7)	-	253,723
Trade and other payables	(10)	1,658,494	909,591
Current portion of borrowings	(11)	300,000	-
Current liabilities		**1,958,494**	**1,163,314**
Total liabilities		**1,958,494**	**1,163,614**
Total equity and liabilities		**4,261,261**	**4,075,219**

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:

____________________) Director
Ian Dear

____________________) Director
John Byles

Margaritaville (Turks) Ltd
Statement of comprehensive income
Year ended May 31, 2022

	Note	2022 US$	2021 US$
Revenue		2,618,350	48,283
Cost of sales		(884,666)	(48,645)
Gross profit/(loss)		**1,733,684**	**(362)**
Other income		-	1,446
Administrative expenses	(12)	(2,007,103)	(1,074,210)
Promotional expenses	(12)	(24,379)	-
Depreciation and amortisation	(12)	(278,916)	(309,075)
Net loss		**(576,714)**	**(1,382,201)**
Finance costs	(13)	(32,424)	-
Total comprehensive loss for the year		**(609,138)**	**(1,382,201)**
Loss per share	(14)	**(0.01)**	**(0.02)**

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, 2022

	Share Capital US$	Retained Earnings US$	Total US$
Balance at May 31, 2020	522,360	3,771,746	4,294,106
Loss for the year and comprehensive loss	-	(1,382,201)	(1,382,201)
Balance at May 31, 2021	522,360	2,389,545	2,911,905
Loss for the year and comprehensive loss	-	(609,138)	(609,138)
Balance at May 31, 2022	**522,360**	**1,780,407**	**2,302,767**

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, 2022

	Note	2022 US$	2021 US$
Cash flows from operating activities:			
Loss for the year		(609,138)	(1,382,201)
Adjustments for:			
Depreciation and amortisation		278,916	309,075
		(330,222)	**(1,073,126)**
Decrease in inventories		37,528	101,626
(Increase)/decrease in trade and other receivables		(162,537)	9,590
(Increase)/decrease in due from related companies		(273,108)	815,457
(Decrease)/increase in due to related companies		(253,723)	253,723
Increase/(decrease) in trade and other payables		748,903	(130,679)
Cash used in operations		**(233,159)**	**(23,409)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,927)	-
Net cash used in investing activities		**(11,927)**	**-**
Cash flows from financing activities			
Proceeds from borrowings		300,000	-
Net cash provided by financing activities		**300,000**	**-**
Increase/(decrease) in cash and bank balances		54,914	(23,409)
Cash and bank balances at beginning of year		7,992	31,401
Cash and bank balances at end of year	(8)	**62,906**	**7,992**

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 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.

(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.

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

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 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.

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 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.

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 IAS 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.

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

e Basis for measurement

These financial statements have been prepared on the historical cost basis, as explained in the accounting policies below.

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.

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, 2022 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, 2021	2,868,296	1,992,317	325,869	172,259	26,821	577,197	5,962,759
Additions	-	11,927	-	-	-	-	11,927
Balance as at May 31, 2022	**2,868,296**	**2,004,244**	**325,869**	**26,821**	**577,821**	**577,197**	**5,974,686**
Depreciation and amortisation							
Balance as at June 1, 2021	(879,826)	(1,245,107)	(284,318)	(144,444)	(16,000)	(369,655)	(2,939,430)
Charge for the year	(71,707)	(123,409)	(20,927)	(13,907)	(1,538)	(31,241)	(262,729)
Balance as at May 31, 2022	**(951,533)**	**(1,368,516)**	**(305,245)**	**(158,351)**	**(17,618)**	**(400,896)**	**(3,202,159)**
Carrying amount as at May 31, 2022	**1,916,763**	**635,728**	**20,624**	**13,908**	**9,203**	**176,381**	**2,772,527**

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, 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**

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$
Gross carrying amount	
Balance as at June 1, 2021	208,497
Balance as at May 31, 2022	**208,497**
Amortisation	
Balance as at June 1, 2021	(192,310)
Amortisation	(16,187)
Balance as at May 31, 2022	**(208,497)**
Carrying amount as at May 31, 2022	**-**

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

5. Inventories

	2022 US$	2021 US$
Food	180,721	37,710
Beverage	93,368	171,576
General stores	383,612	451,560
Gift shop inventory	179,804	221,666
Warehouse inventory	53,385	53,385
Maintenance inventory	7,479	-
Total	**898,369**	**935,897**

6. Trade and other receivables

	2022 US$	2021 US$
Trade receivables	3,086	-
Deposits	120,480	1,200
Other receivables	132,048	90,614
	255,614	91,814
Less: Impairment provision	(1,263)	-
Total	**254,351**	**91,814**

The trade receivables are aged under 30 days.

Impairment provision

	2022 US$	2021 US$
Opening provision as at June 1,	-	-
Provision recognised during the year	1,263	-
Impairment provision as at May 31,	**1,263**	**-**

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:

	2022 US$	2021 US$
Due from Margaritaville Limited	273,108	-
Due to Margaritaville Limited	-	(253,723)
Total	**273,108**	**(253,723)**

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

	2022 US$	2021 US$
Group management fees	217,391	250,000
Total	**217,391**	**250,000**

8. Cash and bank balances

	2022 US$	2021 US$
Bank balances	51,886	5,802
Cash	11,020	2,190
Total	**62,906**	**7,992**

9. Share capital

	2022	2021
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

	2022 US$	2021 US$
Trade payables	1,487,979	811,580
Accrued expenses	19,528	21,809
Interest payable	6,449	-
Other payables	144,538	76,202
Total	**1,658,494**	**909,591**

11. Borrowings

	2022 US$	2021 US$
Grand Turk Cruise Center Ltd.	300,000	-
Less: Current portion	(300,000)	-
Total non current	**-**	**-**

This loan was received October 2021 from Grand Turk Cruise Center Limited. The loan is to be repaid on April 5, 2023 and attract interest of prime rate plus one per cent (1%) per annum. The loan is unsecured.

12. Expenses by nature

Total direct, administrative and other operating expenses:

	2022 US$	2021 US$
Direct expenses		
Cost of inventories recognised as expense	**884,666**	**48,645**
Administrative expenses		
Group management fees	217,391	250,000
Employee benefits (Note 16)	971,854	506,068
Franchise fees and licences	93,761	4,540
Auditors' remuneration	14,500	14,500
Bank charges	14,862	12,170
Property lease expense	165,385	-
Utilities	152,948	46,382
Fuel	7,542	-
Repairs and maintenance	44,430	3,818
Insurance	85,429	99,172
Credit card commission	49,267	-
Dues and subscription	450	-
Research and development	231	-
Legal and professional fees	112,003	-
Impairment provision	1,263	-
Bad debts - written off	2,025	-
Other expenses	73,762	137,560
	2,007,103	**1,074,210**
Promotional expenses		
Advertising	**24,379**	**-**
Depreciation and amortisation		
Depreciation	262,729	276,702
Amortisation	16,187	32,373
	278,916	**309,075**

13. Finance cost

	2022 US$	2021 US$
Interest expense	6,449	-
Other borrowing cost	25,975	-
Total	**32,424**	**-**

14. Loss per share

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

	2022 US$	2021 US$
Net loss attributable to owners	(609,138)	(1,382,201)
Weighted average number of shares	67,500,000	67,500,000
Loss per share	(0.01)	(0.02)

15. Ordinary dividends

Dividends were not declared for 2022 and 2021.

16. Employee benefits

	2022 US$	2021 US$
Salaries, wages and related expenses	850,220	366,106
Commission	9,367	-
Medical and other staff benefits	112,267	139,962
Total	**971,854**	**506,068**

17. 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 $165,385 (2021 - $NIL).

18. 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.

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.

18. Risk management policies (cont'd)

b Credit risk (cont'd)

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.

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:

	2022 US$	2021 US$
Trade and other receivables	254,351	91,814
Due from related companies	273,108	-
Cash and cash equivalents	62,906	7,992
Total	**590,365**	**99,806**

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

	2022 US$	2021 US$
Not more than 30 days	137,159	91,814
Total	**137,159**	**91,814**

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.

18. Risk management policies (cont'd)

c Liquidity risk (cont'd)

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

As at May 31, 2022 the company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current Within 12 Months $
Borrowings	306,449
Trade and other payables	1,658,494
Total	**1,964,943**

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

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

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.

19. 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.

20. 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:

	2022 US$	2021 US$
Financial assets measured at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	254,351	91,814
Due from related companies	273,108	-
Cash and cash equivalents	62,906	7,992
	590,365	**99,806**
Financial liabilities measured at amortised costs		
Current liabilities		
Due to related companies	-	253,723
Trade and other payables	1,658,494	909,591
Borrowings	300,000	-
	1,958,494	**1,163,314**

21. 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.

22. 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.