annual report
& financial statements
2022

Knutsford Express
Moving What Matters

rebuilding...
on the rise again

Moving What Matters

Knutsford Express

Auditors' Report & Financial Statements

2022

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Who We Are

On June 1, 2006, Knutsford Express started its service, committed to providing true world-class transportation to Jamaicans desirous of commuting safely and in style between our capital city Kingston and our tourism capital city of Montego Bay.

The passion underlying our company is to consistently surpass the best service available in Jamaica, including that provided to visitors in our beloved tourism industry. It is through providing quality service with strict emphasis on punctuality, courtesy, comfort and safety that we will be able to grow and be profitable.

Our primary concern is OUR CUSTOMER! Please remember that all our practices and rules are designed with you in mind.

Our commitment to roll out on time is in keeping with the respect that we have for you, your time and our efforts to meet our time targets promised. Remember to check in 45 minutes before departure time or save time by making reservations on our mobile App.

The Knutsford Express App is easy to use. You can book your travel tickets, check routes and schedules, make reservations, purchase tickets, chat in our online chat room, track your Knutsford Express travel points and track your Knutsford Express account.

Knutsford Express provides the most comfortable and effortless way to travel between Kingston, Ocho Rios, Montego Bay, Falmouth, Savannah-La-Mar, Spanish Town, May Pen, Mandeville, Negril, Luana, Gutters, Port Antonio, Port Maria, Lucea and Annotto Bay.

Travel in ease with our professional drivers trained to efficiently and safely commute our roads and highways. Enjoy the scenery and ride in our air-conditioned environment complete with refreshing bottled water as you recline in your seat.

Sit back and relax, let us do the driving for you.

We'll get you there safely and on time.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting of KNUTSFORD EXPRESS SERVICES LIMITED will be held at Grand-A-View, 7 Queens Drive, Montego Bay on Thursday, December 15, 2022 at 10:30 a.m. for the purpose of transacting the following business:

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1. **To receive the Audited Accounts for the year ended May 31, 2022** together with the reports of the Directors and Auditors thereon,

   The Company is asked to consider, and if thought fit, pass the following resolution:

   Resolution No. 1
   "That the Audited Accounts for the year ended May 31, 2022, together with the reports of the Directors and Auditors thereon, be and are hereby adopted."

2. **To elect Directors**.

   (i) The Directors retiring by rotation in accordance with Regulation 99 of the Company's Articles of Incorporation are Messrs. Gordon Townsend, Anthony Copeland, Wayne Wray and Peter Pearson, who being eligible for re-election, offer themselves for re-election.

   The Company is being asked to consider, and if thought fit, pass the following resolutions:

   Resolution No. 2
   "That the Directors, retiring by rotation, be re-elected by a Single Resolution."

   Resolution No. 3
   "That Messrs. Gordon Townsend, Anthony Copeland, Wayne Wray and Peter Pearson be and are hereby re-elected as Directors of the Company."

3. **To approve the Remuneration of the Directors**.

   The Company is asked to consider, and if thought fit, to pass the following resolution:

   Resolution No. 4
   "That the amount shown in the Audited Accounts of the Company for the year ended May 31, 2022 as fees of the Directors for their services as Directors, be and are hereby approved."

4. **To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors**.

   The Company is asked to consider, and if thought fit, pass the following resolution:

   Resolution No. 5
   "That the remuneration of the Auditors, CrichtonMullings & Associates, who have signified their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors."

Dated September 30, 2022
By Order of the Board

Denise Douglas

Denise Douglas
Company Secretary
Registered Office
Lot 1222 Providence Drive
Ironshore Estate
Montego Bay

NOTE:

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy is enclosed. Forms of Proxy must be lodged with the Registrar of The Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston not less than 48 hours before the time of the meeting.

2. A Corporate shareholder may (instead of appointing a proxy) appoint a representative in accordance with Regulation 75 of the Company's Articles of Incorporation. A copy of Regulation 75 is set out on the enclosed detachable proxy form.

Reduce your wait time... access your courier on your own time!

KnutsfordExpress
COURIER PLUS

YOUR **SHIPMENT MANAGEMENT** SOLUTION

CREATE SHIPPING LABELS

LOCATE CONSIGNEE'S INFORMATION

TRACK SHIPMENT STATUS

VIEW SHIPPING HISTORY

Your personal shipping partner that allows you to create your courier transaction on our system from the comfort of your home or office.

*Conditions apply

Knutsford Express
Moving What Matters

SIGN UP TODAY

For any further assistance please email us at:
courierplus@knutsfordexpress.com
876.971.1822 ||https://courierplus.knutsfordexpress.com/

Knutsford Express
Moving What Matters

Vision Statement

To be the premier provider of quality transport solutions
by offering a safe, reliable, enjoyable and cost-effective experience,
with customer satisfaction as the primary focus.

Mission Statement

The mission of Knutsford Express
is to provide distinctive transport solutions,
delivered by well-trained and motivated professionals
who consistently deliver world-class service
that adds value to our customers' experience,
thereby enhancing profitability.

Chairman's Statement

Knutsford Express Services commenced the year with a sense of purpose boosted by expectation and hope for full recovery from the worst global pandemic to be ever experienced by most of us. Increased revenue and stakeholder value were achieved amidst the new challenges that emerged towards the end of the year with the Russia/Ukraine conflict: supply chain problems and disruption in the already fragile energy market.

The strategic actions taken by our leadership team which included the completion of our foray into the real estate market through Knutsford Investments, enabled us to continue our positive financial performance benefitting stakeholders and add value to our brand. We will continue to grow and find new diversified financial ventures to strengthen the group as a whole.

Driven by strong leadership and their dedicated teams, whose efforts we continue to appreciate, applaud and support, I am confident that our progress will continue into 2023. In addition, thanks to our business associates and shareholders for their constant and continued support.

Sincerely,

Gordon Townsend
Chairman

Directors' Report

The Directors are pleased to present their report for the financial year ended May 31, 2022.

Financial Results

	$
Profit before Taxation	127,644,789
Taxation	16,983,052
Loss from discontinued operation	(32,836,487)
Net Loss	77,825,250)
Retained Earnings at the beginning of the year	613,983,337
Retained Earnings at the end of the year	699,294,664

Dividend
There was no dividend declared on the 2022 financial result.

The Board
The Directors as at May 31, 2022 were as follows:

Gordon Townsend
Oliver Townsend
Anthony Copeland
Wayne Wray
Peter Pearson

In accordance with Regulation 99 of the Company's Articles of Incorporation, Directors Gordon Townsend, Anthony Copeland, Wayne Wray and Peter Pearson will retire by rotation and, being eligible, offer themselves for re-election.

Auditors
The company auditors, CrichtonMullings & Associates, have indicated a willingness to continue in office pursuant with the provisions of Section 154(2) of the Companies Act.

The Directors wish to place on record their appreciation and recognition of the dedicated efforts and hard work given by the officers and staff of the company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Gordon Townsend
Chairman

Chief Executive Officer's Report 2022

I am pleased to report that we are standing much stronger at the end of this financial year and have good reason to see blue skies ahead. The negative effects on travel resulting from the removal of the COVID19 pandemic associated guidelines both locally and overseas as well as the return of personal confidence in moving about have boded well for us.

Throughout the year, especially in the latter part we have seen a strong return of demand in all aspects of passenger travel. Families and friends are reconnecting at higher rates and key business face-to-face engagements are returning. Confidence in convening and attending physical functions have ushered in a strong and steady return of group travel and has placed additional demand for coach hireage. Prevailing record high fuel prices, although impacting us, have acted as a catalyst in the demand for our services by motorists needing to travel across the island.

Our courier service has continued to grow and remains a much needed service for individuals, entrepreneurs, companies large and small. Our level of frequency and daily operation makes it a perfect partner for local businesses practicing just-in-time inventory management by offering same day delivery to over 18 locations at an extremely affordable cost.

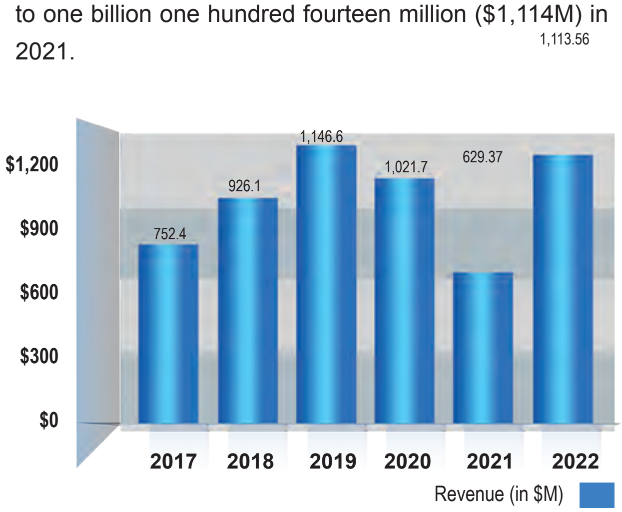
Having recognized the need to have a more resilient revenue stream in the long term we are happy to see our Drax Hall development getting into full swing. Our super terminal at the Knutsford Express Business Centre has been important to demonstrate how a terminal can help to create a great travel experience. The complex allows us to increase earnings by offering rentable spaces to businesses wanting to create a footprint in this exciting area. In addition, we look forward to have our subsidiary, KE Connect (trading as Knutsford Connect), getting more involved in services provided to the tourism industry.

We must thank our management and staff for being adaptable to the shifting travel trends while being focussed on making our motto “moving what matters” real to our valued customers, stakeholders and shareholders.

Oliver Townsend
CEO

Management Discussion and Analysis

This financial year has demonstrated a turning of the corner with revenues finishing strongly with a 38% increase from six hundred twenty nine million ($629M) to one billion one hundred fourteen million ($1,114M) in 2021.



It was very important during the last 2 years, even in the face of financial pressures to maintain the standards of safety, reliability and service we have been known for since 2006. We have served the public in more than 15 locations every day in this period.

Jamaica's tourism attractiveness and subsequent performance as a "sought-after destination" have boded well for our company. We benefitted from the country's quick trajectory towards pre-pandemic travel numbers. This along with disbanded local COVID19 restrictions have brought a reawakened desire for bus travel. All routes have rebounded from this increased appetite to travel. Our revenue from private coach hireage has grown markedly from increased group travel as many people returned to having experiences with others in collective settings.

On the other hand, the conflict in Ukraine has caused global fuel prices to surge to unprecedented levels. This has certainly impacted our "car-driving" customers dramatically who need to travel across our island, we have seen increased travel from these motorists happy to enjoy fuel cost savings and a stress-free relaxed travel environment.

We are pleased that our courier service springs "top of mind" to our target market. Consumers and businesses know without thinking that if they have to travel or send a package, Knutsford is open for business. Our efforts to further digitize the processes regarding communication to our customers is underway which will yield increased efficiencies, customer rewards and service delivery.

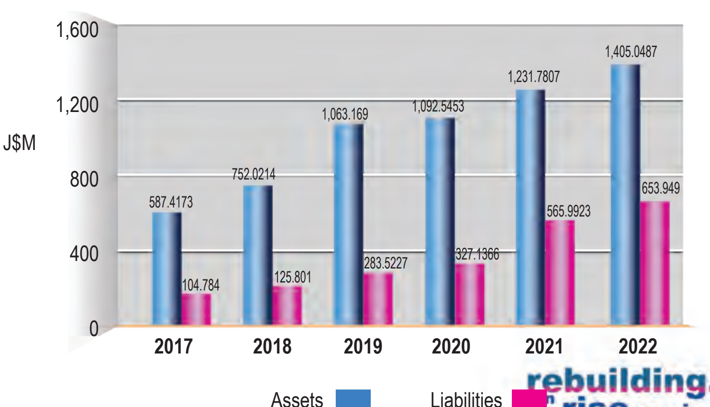
Our strategic objective to diversify our income has already begun to bear fruit with our Drax Hall Business Centre closing the year with all available space taken with several tenants already open for business. In time, we expect that when all businesses open their doors to customers, the prospects for all tenants, including our own passenger and courier service will benefit.

ASSETS & LIABILITIES

We have consistently grown our asset base, and, over the last 5 years, this has improved by a CAGR of seventeen percent (17%) to just over one billion four hundred five million ($1,405m). This registers an increase of 14% from one billion two hundred thirty two million ($1,232m) a year ago.

The completion of our business centre in addition to the acquisition of land in Mandeville have contributed to the positive movement of our asset value. Conversely, based on the state of the bus hireage industry in South Florida we decided to shutter that operation completely. Coming out of COVID, the cost and difficulty of acquiring drivers, insurance juxtaposed against the low potential revenue just didn't match up.

Assets and Liabilities



rebuilding... the rise again

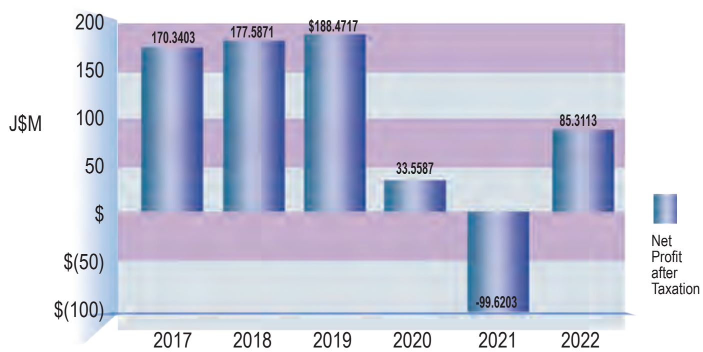
Management Discussion and Analysis

NET PROFIT

Despite facing unprecedented high fuel costs we have changed our scheduling methods to be more adaptable to demand trends where frequency of departures may vary by day of week, time of month and year. This has increased efficiency which has helped us to cope with rising costs of fuel and toll fees. We managed our staff resources as best as possible despite the high staff movements which affected many service businesses during the period. Several positions in our operations have been slow in filling which has contributed to uncharacteristically high overtime and to a lesser extent increased accommodation costs for out-of-town staff. Parts and supplies have increased substantially resulting from deploying more buses in addition to replacing parts on buses that suffered from being inactive over a prolonged period.

The decision to shutter our subsidiary KE Connect affected our net profit by a write off of just over $32.8m.

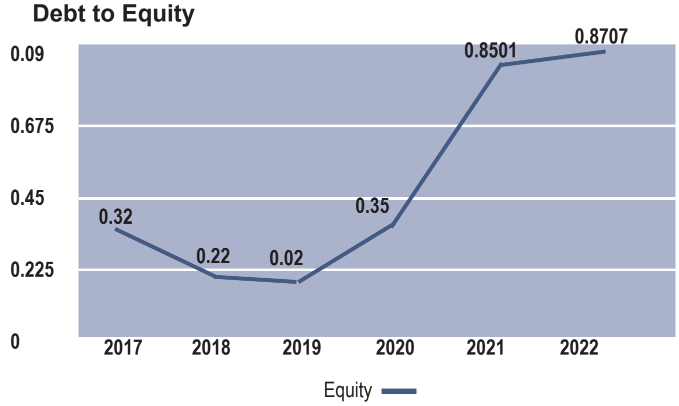
Net Profit After Taxation



DEBT TO EQUITY

The additional facility taken from EXIM bank had the effect of raising our leverage from 0.85 to 0.87 in the corresponding period.

Debt to Equity



FUTURE

We are upbeat as the financial year has ended with a dramatic increase in passenger demand and revenue with the courier business maintaining steady growth over the previous period. We have opened our call centre in Port Antonio which gives us the opportunity to provide more career options for individuals in their own parish instead of having their options focussed on migrating from home to other towns. We are looking forward to the contribution of several initiatives:

- the on boarding of talent from Portland.
- the launching our new website and app and
- The review and revision of our operating systems in the ensuing year.

Corporate Governance

The Board of Directors of Knutsford Express Services Limited is responsible for the Company's system of corporate governance and ultimately accountable for the Company's activities, strategy, risk management and financial performance. The Board has the authority, and is accountable to shareholders, for ensuring that the Company is appropriately managed and achieves the strategic objectives it sets.

Board of Directors Composition

As of May 31, 2022, the Board of Directors is comprised of 2 independent non-executive, 1 non-executive and 2 executive board members, who are qualified, objective, committed, possess diverse skill sets and the background to effectively serve on the various committees of the board. The definitions of these directors are:

- **An independent director** is a member of the board of directors who does not engage in the day to day management but may be involved in policymaking and planning exercises. They do not related nor have any pecuniary relationship with the company, senior management or affiliate companies. The independent director does not own more than 3% of the voting shares of the company
- **An independent non-executive director** is a member of the board of directors who does not engage in the day to day management but may be involved in policymaking and planning exercises.
- **An executive director** is a member of the board of directors who is heavily involved in the day to day management of the company.

The Board and its Committees -

Board of Directors

Gordon Townsend – Chairman/Non-Executive Director

Oliver Townsend – CEO/Executive & Managing Director

Anthony Copeland – COO/Executive Director

Wayne Wray – Independent Non-Executive Director

Peter Pearson – Independent Non-Executive Director

Audit Committee

The Audit Committee is an operating committee of the company's board of directors. It maintains direct communication with the company's financial controller. Its role includes the oversight of financial reporting, the monitoring of accounting policies, the oversight of any external auditors, regulatory compliance, and the discussion of risk management policies with management.

The Audit Committee consists of 3 directors:

Peter Pearson – Chairman/Independent Non-Executive Director

Wayne Wray – Independent Non-Executive Director

Oliver Townsend – Executive Director/CEO/Managing Director

Knutsford Connect

NMIA Airport Transfers

Kingston airport to New Kingston hotels & connections via Knutsford Express to 13 destinations islandwide

Compensation Committee

The Compensation Committee is a sub-committee of the company's board of directors. It is mainly responsible for setting the compensation level of senior management. It also assist in providing oversight for all matters relating to compensation for all other staff and will make recommendations as are necessary to ensure that compensation is fair and equitable at all levels of the organization. In addition, the Committee shall ensure that compensation levels are competitive within the industry and environment, in order to allow the company to attract and retain qualified, experienced and proficient persons.

The Compensation Committee consists of 3 directors

Wayne Wray – Chairman/Independent Non-Executive Director

Peter Pearson – Independent Non-Executive Director

Anthony Copeland – Executive Director

The Members of the Committee and their attendance at the respective meetings for the 2022 financial year is reflected i

	ANNUAL/ EXTRAORDINARY GENERAL MEETING	BOARD OF DIRECTORS' MEETINGS	AUDIT COMMITTEE MEETINGS	COMPENSATION COMMITTEE MEETINGS
Number of meetings for the year	1	5	4	-
Gordon Townsend	1	5	-	-
Oliver Townsend	1	5	4	-
Anthony Copeland	1	5	-	-
Wayne Wray	1	5	4	-
Peter Pearson	1	5	4	-

Annual General, Board and Committee Meeting Fees

The fee for each Annual General and Board meetings attended by a Director is $90,000 per meeting. The fee for each Committee meeting of which the Director is a member is $90,000 per meeting. The fee for each Board and Annual General meeting attended by the Chairman of the Board is $120,000 per meeting.

Travel Expense Reimbursement

All Directors will be reimbursed for reasonable travel expenses in connect with attendance at meetings of the Company's Board of Directors and its Committees

Annual General Meetings

General meetings with shareholders are held annually and the meeting is structured to allow shareholders to give their input and have their queries answered.

Articles of Incorporation

The Company's Articles of Incorporation was not amended during the period under review.

The Corporate Governance Guidelines which includes the Communication Policy, Dividend Policy, Code of Ethnics, Corporate Social Responsibility and Human Resources guidelines are available on the company's website at www.knutsfordexpress.com

Board of Directors' Profiles

Gordon Townsend
Chairman & Non-Executive Director

Oliver Townsend
Chief Executive Officer & Director

Gordon Townsend has spent a lifetime in tourism industry (transportation services); he and his wife Anne formed Caribic Vacations Limited, one of Jamaica's first destination management companies. His professional involvement includes serving as a Director on the board and on various marketing and security committees of the Jamaica Tourist Board (JTB). He also served as a counselor for the Jamaica Hotel and Tourist Association (JHTA) and was co-founder and Chairman of the Montego Bay Metro Bus Company: Western Jamaica local transportation company.

Mr. Townsend expertise assisted with Freezone development in Jamaica having served as Chairman of Client Services in both the Montego Bay and Kingston Freezones. His skills were also shared with the HEART Trust NTA where he served as Chairman of the Management Committee for the Mechanical School in Montego Bay.

A Justice of the Peace, Mr. Townsend is a firm believer in the importance of educating young people hence most of his philanthropic work is in the field of education, and in particular education in rural communities.

Oliver Townsend is the Chief Executive Officer of the company. Mr. Townsend has served in the Tourism and Service Sector for over 26 years in various management capacities including those that involved marketing locally and overseas. His career began in Caribic Vacations, a family-owned destination management company, where he served as Director of Transport and CEO.

He also serves as Director of Caribic Vacations Limited. Mr. Townsend holds a B.Sc. in Electrical Engineering from the New York Institute of Technology, as well as an MBA from the Florida International University.

Anthony Copeland
Executive Director

Anthony Copeland is an Executive Director of the Company with special focus on and responsibility for Operations, Maintenance and Standards. Mr. Copeland began his career in the private sector at Manhattan House in the area of marketing before leaving to serve his country which led to 18 years in the Jamaica Defence Force in the Engineering Regiment.

With this expertise gained in Transport and Logistics his career led him in 1996 to become the Technical Advisor in Metropolitan Management Transport Holdings, with responsibility for designing the public transportation system in the KMTR. His success led to his assignment as Managing Director of the newly formed Montego Bay Metro Limited, which he did successfully for 13 years. He is currently serving as President of the Lion's Club of Montego Bay.

Peter Pearson
Non-Executive Director
and Chairman of The Audit Committee

Peter is a graduate of Cornwall College and a graduate of the University of West Indies from which he holds a BSc. (Management Studies). Peter is a Fellow of the Institute of Chartered Accountants and a Fellow of the Chartered Association of Certified Accountants. He is a former partner of PricewaterhouseCoopers, Jamaica in charge of the firm's Montego Bay office. He has had significant experience in public accounting in tourism and hospitality, banking, government, among other industries. He is a director and audit committee member of a number of companies, some of which are listed on the Jamaica Stock Exchange. He has been a Justice of the Peace since 1988.

Wayne Wray
Non-Executive Director & Mentor

Knutsford Express Services' Mentor and Chair of the Compensation Committee, Wayne is a Business and Financial Consultant. His portfolio of experience and expertise spans several industries, including executive leadership and management positions in the fields of Finance and Banking.

Licensed by the Financial Services Commission as an investment advisor, Wayne is the principal director of Wiltshire Consulting & Advisory Limited, a business advisory firm with local and international clientele. He is also the Managing Director and principal shareholder of 365 Retail Limited, a company engaged in the distribution of petroleum oil lubricants.

As a Justice of the Peace, he is committed to nation building, and serves as a Mentor and Director on the Boards of several publicly-listed and privately-held companies as well as community development organisations.

KNUTSFORD EXPRESS SERVICES LIMITED

List of Top Ten Largest Shareholders

AS AT MAY 31, 2022

SHAREHOLDER	NO. OF STOCK UNITS	% HOLDINGS
1. Oliver Townsend	167,651,720	33.5287
2. Anthony Copeland	119,633,320	23.9267
3. Gordon Townsend	87,232,590	17.4465
4. N.C.B. Capital Markets Ltd. A/C 2231	28,753,276	5.8487
5. SJIML A/C 3119	17,391,304	3.4783
6. SJLIC For Scotiabridge Retirement Scheme	12,986,000	2.5972
7. GraceKennedy Pension Fund Custodian Ltd for GraceKennedy Pension Scheme	7,500,000	1.5000
8. JCSD Trustee Services Ltd. A/C #76579-02	7,128,000	1.4256
9. Sagicor Pooled Equity Fund	6,000,000	1.2075
10. GraceKennedy Pension Fund Custodian Ltd. for GraceKennedy Pension Plan (2009)	5,000,000	1.0000

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES

AS AT MAY 31, 2022

NAME	PERSONAL	CONNECTED PARTY
Oliver Townsend	167,651,720	953,960
Anthony Copeland	119,633,320	NIL
Gordon Townsend	87,232,590	NIL
Wayne Wray	600,000	NIL
Peter Pearson	245,000	NIL

Knutsford Express

Auditors' Report
& Financial Statements

Year ended May 31, 2022

CrichtonMullings
& ASSOCIATES

Rohan Crichton, CPA, CA, MAcc
senior partner
Leary C. Mullings, CPA, CA, MBA
senior partner

Chartered Accountants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of Knutsford Express Services Limited (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group") set out on pages 7 to 44. These financial statements comprise the Group and the Company statements of financial position as at May 31, 2022, the Group and Company statements of comprehensive income, the Group and Company statements of changes in equity, and the Group and Company statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at May 31, 2022, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Jamaican Companies Act (the "Act").

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 Consolidated Financial Statements section of our report*. We are independent of the Company and Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

www.crichtonmullings.com | admin@crichtonmullings.com

Kingston, Jamaica
80 Lady Musgrave Road
Unit 27B

Miami, Florida
3350 SW 148th Avenue
Suite 203

Atlanta, Georgia
903 Pavilion Court
Suite I

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Key audit matters (cont'd)

Key Audit matters	How the matter was addressed in our audit
1) Goodwill Impairment Assessment	
The Group had goodwill of $4,500,000 arising from the acquisition of SouthCoast Express Limited by Knutsford Express Services Limited.	Our audit procedures to address the key audit matter relating to the impairment of goodwill included the following: i) We have reviewed management's assertions, including the identification of the underlying cash generating assets.
The annual impairment assessment requires management's judgement in determining estimated future earnings from the coaches, taking into consideration going concern ability, inflation rate, growth rate and other underlying assumptions.	ii) We have assessed and reviewed the Group's performance and the ability of each company within the Group to continue as a going concern. The analysis of the external and internal environments take into account the current inflationary and Covid-19 pandemic impact on the transportation industry in light of the restrictive measures and protocols which were implemented to control the pandemic. Based on the procedures performed, the Group's goodwill was assessed as being fairly stated and as such no impairment loss was recognised in the profit and loss (see note 5).
2) Related Party Balance Impairment Assessment	
The Company has related party balances due from its three (3) subsidiaries: KE Connect Limited, KE Connect US LLC and Knutsford Express Investments Limited.	Our audit procedures to address the key audit matter relating to the impairment of related party balances included the following:
Management is required to use its judgement in assessing the ability of each subsidiary to repay the amounts owing to its parent company.	i) We reviewed the operating results and projected plans for each subsidiary to assess their ability to generate sustainable cashflows to repay the parent company. ii) We have assessed and reviewed each subsidiary's ability to continue as a going concern in light of the impact of the Covid-19 pandemic on the transportation industry. Based on the procedures performed an impairment loss of $30,331,891 was recognised by the Company in the profit and loss, as a result of the balance due from KE Connect US LLC which has not operated since March 2020 due to the Covid-19 pandemic (See note 9).

Independent Auditor's Report (cont'd)

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Key audit matters (cont'd)

Key Audit matters	How the matter was addressed in our audit
3) Property, Plant and Equipment Impairment Assessment	
The Group has property, plant and equipment with net book value totaling $860,261,700 which represents 61% of the Group's total assets.	Our audit procedures to address the key audit matter relating to the impairment of motor vehicle included the following:
Management is required to use its judgement to assess the recoverable amount of assets which is the higher of fair value less costs to sell and value in use. The value in use is assess by estimating the discounted future cashflows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the motor vehicles.	pages 23 to 24, t of each company's ability within the Group to generate future cashflows from its motor coaches. ii) We have reviewed each company's ability to continue to operate as a going concern resulting from the impact of Covid-19 pandemic on the transportation industry and the general economy in light of the restrictive measures and protocols which were implemented to control the pandemic. iii) We reviewed the recoverable amount for motor coaches in KE Connect US LLC using the fair value, as the entity has not operated since March 2020 due to the Covid-19 pandemic and the decision taken to cease its operation as at May 31, 2022. Based on the procedures performed an impairment loss of $31,044,680 was recognised by the Group in the profit and loss (see note 30).

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Other information

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

Our opinion on the consolidated 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 consolidated 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 consolidated 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 to the Board of Directors.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (cont'd)

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix of this auditor's report. This description, which is located at page 6, forms part of our auditor's report.

Report on additional matters as required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner resulting in this independent auditor's report is Rohan Crichton.

CrichtonMullings & Associates
Chartered Accountants

Kingston Jamaica
September 12, 2022

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Appendix to the independent auditor's report

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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters 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.

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2022

	Notes	2022 $	2021 $
ASSETS			
Non-current Assets			
Goodwill	5	4,500,000	4,500,000
Property, plant and equipment	6	860,261,700	770,204,944
Right-of-use assets	7	129,442,327	140,568,760
Investment properties	8	161,616,915	110,449,415
Related party - lease deposit	11	3,875,000	4,000,000
Investments	15 (a)	19,304,114	-
Term deposit - restricted	12	-	2,728,148
		1,179,000,056	1,032,451,267
Current Assets			
Inventories	13	16,554,357	16,619,559
Other assets	14	30,593,180	22,140,319
Taxation recoverable	24	-	57,045
Investments	15 (b)	73,131,512	101,636,251
Cash and bank balances	16	105,769,624	58,876,308
		226,048,673	199,329,482
Total Assets		1,405,048,729	1,231,780,749
EQUITY & LIABILITIES			
Equity			
Share capital	17	51,805,097	51,805,097
Accumulated surplus		699,294,664	613,983,337
		751,099,761	665,788,434
Non-current Liabilities			
Non-current portion of lease liability	7	122,557,036	130,769,253
Notes payable	19	27,593,319	23,617,736
Bonds payable	20	335,000,000	300,000,000
Shareholders' loans	21	452,840	452,840
Deferred tax liability	22	17,062,863	13,265,278
		502,666,058	468,105,107
Current Liabilities			
Accounts payable and accrued charges	23	111,761,939	66,137,791
Current portion of notes payable	19	18,133,419	20,655,857
Current portion of lease liability	7	8,252,530	11,093,560
Taxation payable	24	13,135,022	-
		151,282,910	97,887,208
Total Equity and Liabilities		1,405,048,729	1,231,780,749

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

Gordon Townsend
Chairman

Oliver Townsend
Director

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2022

	Notes	2022	2021
		$	$
			*Restated
Continuing operations:			
Revenues	**4**	**1,113,565,335**	629,366,202
Less:			
Administrative and general expenses	**25**	**(978,890,643)**	(698,496,347)
		134,674,692	(69,130,145)
Other income		**21,467,970**	50,818
Operating profit / (loss)	**26**	**156,142,662**	(69,079,327)
Finance income	**27**	**8,110,614**	13,918,433
Finance costs	**28**	**(36,608,487)**	(15,062,120)
Profit / (loss) before taxation		**127,644,789**	(70,223,014)
Taxation charge / (credit)	**29**	**16,983,052**	(6,625,954)
Profit / (loss) from continuing operations		**110,661,737**	(63,597,060)
Loss from discontinued operation	**30**	**(32,836,487)**	(32,384,960)
Profit / (loss) for the year		**77,825,250**	(95,982,020)
Other comprehensive gain / (loss):			
Items that will never be reclassified to profit or loss:			
Currency translation gain / (loss) on discontinued operation		**7,486,077**	(3,638,267)
Total comprehensive income / (expense) for the year		**85,311,327**	(99,620,287)
Earnings per share for profit / (loss) attributable to the shareholders	**18**	**$0.16**	($0.19)
Earnings per share for profit / (loss) attributable to the shareholders - Continuing operations	**18**	**$0.22**	($0.13)

*Comparative information has been restated due to discontinued operation (see note 30)

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2022

	Share Capital $	Accumulated Surplus $	Total $
Balance at May 31, 2020	51,805,097	713,603,624	765,408,721
Net loss for the year	-	(95,982,020)	(95,982,020)
Other comprehensive loss for the year:			
Currency translation loss on foreign subsidiary	-	(3,638,267)	(3,638,267)
Total comprehensive expense for the year	-	(99,620,287)	(99,620,287)
Balance at May 31, 2021	51,805,097	613,983,337	665,788,434
Net profit for the year	-	77,825,250	77,825,250
Other comprehensive income for the year:			
Currency translation gain on discontinued operation	-	7,486,077	7,486,077
Total comprehensive income for the year	-	85,311,327	85,311,327
Balance at May 31, 2022	**51,805,097**	**699,294,664**	**751,099,761**

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The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2022

	Notes	2022	2021
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the year		**77,825,250**	(95,982,020)
Adjusted for:			
Depreciation and amortisation		**126,269,263**	125,770,308
Depreciation on right-of-use assets		**11,126,433**	10,274,006
Interest expense on right-of-use assets		**1,598,998**	997,653
Gain on disposal of property, plant and equipment		**(902,351)**	-
Loan interest expense		**13,860,935**	4,220,464
Impairment - goodwill		**-**	6,575,500
Impairment - property, plant and equipment		**24,639,996**	9,356,593
Translation adjustment on impairment of property, plant and equipment		**6,404,362**	-
Taxation charge / (credit)		**16,983,052**	(6,625,954)
Other translation adjustment		**1,081,715**	(3,638,267)
		278,887,653	50,948,283
(Increase) / decrease in operating assets:			
Other assets		**(8,452,861)**	4,067,007
Inventories		**65,202**	8,396,094
Increase in operating liabilities:			
Accounts payable and accrued charges		**45,630,744**	15,578,901
		316,130,738	78,990,285
Income tax paid		**-**	(4,013,479)
Net cash provided by operating activities		**316,130,738**	74,976,806
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisition of property, plant and equipment	**6**	**(246,598,660)**	(56,130,231)
Acquisition of investment properties		**(51,167,500)**	(110,449,415)
Encashment of investment		**9,200,625**	21,962,803
Net cash used in investing activities		**(288,565,535)**	(144,616,843)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term deposit - restricted		**2,728,148**	(43,044)
Lease liability, net		**(12,652,245)**	(10,360,841)
Proceeds on the sale of motor vehicle		**6,660,000**	-
Proceeds from bond payable		**35,000,000**	100,000,000
Proceeds from notes payable		**22,461,386**	15,095,400
Repayment of notes payable		**(21,008,241)**	(11,415,575)
Loan interest expense paid		**(13,860,935)**	(4,220,464)
Net cash provided by financing activities		**19,328,113**	89,055,476
NET INCREASE IN CASH AND BANK BALANCES		**46,893,316**	19,415,439
OPENING CASH AND BANK BALANCES		**58,876,308**	39,460,869
CLOSING CASH AND BANK BALANCES		**105,769,624**	58,876,308

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2022

	Notes	2022 $	2021 $
ASSETS			
Non-current Assets			
Goodwill	5	4,500,000	4,500,000
Property, plant and equipment	6	813,284,947	708,149,922
Right-of-use assets	7	129,442,327	140,568,760
Due from subsidiaries	9	256,237,020	219,873,955
Investment in subsidiaries	10	12,000	1,327,100
Investments	15 (a)	19,304,114	-
Related party - lease deposit	11	3,875,000	4,000,000
Term deposit - restricted	12	-	2,728,148
		1,226,655,408	1,081,147,885
Current Assets			
Inventories	13	16,554,357	16,619,559
Other assets	14	28,563,113	21,808,694
Taxation recoverable	24	-	216,095
Investments	15 (b)	73,131,512	101,636,251
Cash and bank balances	16	102,325,163	48,119,975
		220,574,145	188,400,574
Total Assets		1,447,229,553	1,269,548,459
EQUITY & LIABILITIES			
Equity			
Share capital	17	51,805,097	51,805,097
Accumulated surplus		737,982,986	650,957,753
		789,788,083	702,762,850
Non-current Liabilities			
Non-current portion of lease liability	7	122,557,036	130,769,253
Notes payable	19	27,593,319	23,617,736
Bonds payable	20	335,000,000	300,000,000
Shareholders' loans	21	452,840	452,840
Deferred tax liability	22	22,048,715	18,251,130
		507,651,910	473,090,959
Current Liabilities			
Accounts payable and accrued charges	23	110,434,239	61,945,233
Current portion of notes payable	19	18,133,419	20,655,857
Current portion of lease liability	7	8,252,530	11,093,560
Taxation payable	24	12,969,372	-
		149,789,560	93,694,650
Total Equity and Liabilities		1,447,229,553	1,269,548,459

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

Gordon Townsend
Chairman

Oliver Townsend
Director

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2022

	Notes	2022	2021
		$	$
Revenues	4	**1,101,991,413**	625,972,571
Less:			
Administrative and general expenses	25	**(965,746,473)**	(685,933,916)
		136,244,940	(59,961,345)
Other income		**20,034,803**	50,818
Operating profit / (loss)	26	**156,279,743**	(59,910,527)
Finance income	27	**8,110,614**	13,918,433
Impairment loss - related party	9	**(30,331,891)**	(101,898,051)
Impairment loss - investment in subsidiary	10	**(1,315,100)**	-
Finance costs	28	**(28,735,081)**	(14,864,612)
Profit / (loss) before taxation		**104,008,285**	(162,754,757)
Taxation charge / (credit)	29	**16,983,052**	(6,791,604)
Net profit / (loss), being total comprehensive income / (expense) for the year		**87,025,233**	(155,963,153)

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2022

	Share Capital $	Accumulated Surplus $	Total $
Balance at May 31, 2020	51,805,097	806,920,906	858,726,003
Net loss, being total comprehensive expense for the year	-	(155,963,153)	(155,963,153)
Balance at May 31, 2021	51,805,097	650,957,753	702,762,850
Net profit, being total comprehensive income for the year	-	87,025,233	87,025,233
Balance at May 31, 2022	**51,805,097**	**737,982,986**	**789,788,083**

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2022

	Notes	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the year		**87,025,233**	(155,963,153)
Adjusted for:			
Depreciation and amortisation		**118,188,796**	110,323,114
Depreciation on right-of-use assets		**11,126,433**	10,274,006
Interest expense on right-of-use assets		**1,598,998**	997,653
Impairment loss on related party balance		**31,646,991**	101,898,051
Impairment loss on investment in subsidiary		**1,315,100**	-
Loan interest expense		**6,186,810**	4,220,464
Taxation charge / (credit)		**16,983,052**	(6,791,604)
		274,071,413	64,958,531
(Increase) / decrease in operating assets:			
Other assets		**(6,754,419)**	(2,814,971)
Inventories		**65,202**	8,396,094
Due from subsidiaries		**(68,010,056)**	154,197,443
Increase in operating liabilities:			
Accounts payable and accrued charges		**48,489,003**	20,645,658
Cash provided by operating activities		**247,861,143**	245,382,755
Income tax paid		**-**	(4,006,879)
Net cash provided by operating activities		**247,861,143**	241,375,876
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	**(223,198,818)**	(335,392,864)
Encashment of investment		**9,200,625**	21,962,803
Net cash used in investing activities		**(213,998,193)**	(313,430,061)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term deposit - restricted		**2,728,148**	(43,044)
Lease liability, net		**(12,652,245)**	(10,360,842)
Proceeds from bond payable		**35,000,000**	100,000,000
Proceeds from notes payable		**22,461,386**	15,095,400
Repayment of notes payable		**(21,008,241)**	(11,415,575)
Loan interest expense paid		**(6,186,810)**	(4,220,464)
Net cash provided by financing activities		**20,342,238**	89,055,475
NET INCREASE IN CASH AND BANK BALANCES		**54,205,188**	17,001,290
OPENING CASH AND BANK BALANCES		**48,119,975**	31,118,685
CLOSING CASH AND BANK BALANCES		**102,325,163**	48,119,975

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2022

1. IDENTIFICATION

Knutsford Express Services Limited (the "Company ") is incorporated in Jamaica under the Jamaican Companies Act (the "Act").

The Company is domiciled in Jamaica, with its registered office located at 1222 Providence Drive, Montego Bay, St. James.

On January 14, 2014, the Company became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016.

The Company has three wholly owned subsidiaries, KE Connect Limited, KE Connect US LLC and Knutsford Express Investments Limited (the "Subsidiaries").

KE Connect Limited and Knutsford Express Investments Limited, and are both registered and domiciled in Jamaica with their registered offices at 1310 Providence Drive, Montego Bay, St. James, respectively. KE Connect Limited provides convenient connections to the island's international airports while Knutsford Express Investments Limited undertakes property development and other investments initiatives.

KE Connect US LLC is incorporated in the state of Florida and is domiciled in Florida with its registered office located at 500 SW Third Ave, Fort Lauderdale FL 33315. The subsidiary which provided premium bus / coach charter services ceased operations on May 31, 2022.

The Company and the subsidiaries are collectively referred to as the "Group". The principal activity of the Group is the provision of transportation and courier services.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

The Group's financial statements have been prepared in accordance with and compliance with International Financial Reporting Standards ("IFRS") and the relevant requirements of the Act.

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

(b) Consolidation

(i) Subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date the control commences until the date the control ceases.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Consolidation (cont'd)

(ii) Transactions eliminated on consolidation
Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains.

(c) Changes in accounting standards and interpretations:

Certain new standards and interpretations of and amendments to existing standards became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are relevant to its operations:

- *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

  Effective for annual periods commencing on or after 1 January 2021. The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The Group has concluded that the adoption of the standards, amendments and interpretations, which are relevant in current periods do not have any material impact on the financial statements.

The Group has identified the following revised or new International Financial Reporting Standards, Amendments and Interpretations which have been issued but are not yet effective, and which have not been adopted early. Those which may be relevant to the Group's operations are as follows:

- *IAS 16 'Property, Plant and Equipment - Proceeds before intended use - Amendment' issued May 14, 2020,*

  Effective for annual periods commencing on or after 1 January 2022. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- *IAS 37 'Onerous Contracts-Cost of Fulfilling a Contract- Amendment', issued May 2020*

  Effective for periods commencing on or after 1 January 2022. The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- *Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9, IFRS 16)', issued May 2020*
  Effective for periods commencing on or after 1 January 2022

- *References to Conceptual Framework in IFRS 3 - Amendment, issued May 2020*
  Effective for periods commencing on or after 1 January 2022

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2022

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Changes in accounting standards and interpretations (cont'd):

- *IAS 1 'Classification of liabilities as current or non-current' - Amendment', issued January 23, 2020*, Effective for annual periods commencing on or after 1 January 2023. The amendments to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- *IAS 8 'Definition of Accounting Estimates - Amendment', issued February 12, 2021.* Effective for annual periods commencing on or after 1 January 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* Effective for annual periods commencing on or after 1 January 2023. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the International Accounting Standards Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) Issued May 7, 2021*. Effective for annual periods commencing on or after 1 January 2023. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The Group anticipates that the adoption of the standards, amendments and interpretations, which are relevant in future periods is unlikely to have any material impact on the financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, as well as estimates, based on assumptions, that affect the application of accounting policies, and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts may differ from these estimates. The estimates, and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) Critical accounting judgements in applying the Group's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

(a) Classification of financial assets:
The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(b) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(c) Depreciable assets
Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(d) Impairment of goodwill
The Group reviews the carrying amounts of goodwill to determine whether there is any indication that it has suffered an impairment loss. In making such a determination, the Group estimates the recoverable amount of the goodwill. The recoverable amount is the higher of fair value less costs to sell and value in use. The Group assesses value in use by estimating future discounted cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the specific asset. If the recoverable amount of goodwill is estimated to be less than its carrying amount then an impairment loss is recognised by the Group.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

(ii) Key assumptions and other sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(a) Allowance for impairment losses on receivables
In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from loan receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimate the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainly inherent in such estimates.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(b) Leases - estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are recorded at historical cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of replacing part of an item is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing of furniture, fixtures and equipment are recognized in the statement of comprehensive income as incurred.

With the exception of freehold land, depreciation is recognised in the statement of comprehensive income on the straight-line basis, over the estimated useful lives of the assets. The rates of depreciation in use are:

Furniture, fixtures and equipment	10%
Computers	20%
Motor vehicles	12.5%
Leasehold improvement	10%

Property, plant and equipment are periodically reviewed for impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written immediately to its recoverable amount.

(b) Other assets

Accounts and other receivables are stated at amortized cost.

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(c) Accounts payable and accrued charges

Accounts payable and accrued charges are stated at amortized cost.

(d) Cash and bank balances

Cash comprises cash in hand and cash at bank.

(e) Inventories

Inventories comprise parts, maintenance items and other accessories which are utilised for the maintenance of the Group's motor vehicles. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Group operates (the functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received from the provision of transportation, property rental and courier services in the normal course of business, net of discounts, rebates and consumption taxes. Revenue is recognized in the statement of comprehensive income once the transportation, property rental and courier services have been provided to the customer and the receipt of the consideration is probable.

Interest income is recognised on a proportionate basis using the effective interest rate (EIR) method.

(h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the short-term lease recognition exemption to its short-term leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are considered short-term.

(i) Goodwill

Goodwill which represents contracts rights with vendors and customer listings are deemed to have indefinite life. Goodwill is carried at costs less impairment. The Group assesses goodwill for impairment at least on an annual basis or when events or circumstances indicate that the carrying value may be impaired.

(j) Investment properties

Investment properties represent land held for development and long-term rental yields and capital gain. Investment property is initially recognised at cost, including transaction costs. The carrying amount excludes the costs of day-to-day servicing of the investment property.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns and incur expenses whose operation results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") who decides about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.;

Based on the information presented to and reviewed by the CODM, the operations of the Group are segmented geographically into Jamaica and United States of America (USA).

(l) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the statement of financial position date.

A deferred tax asset is recognised only to the extent management can demonstrate that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Related party identification

A party is related to the Group if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the Group;
- has an interest in the Group that gives it significant influence over the Group; or
- has joint control over the Group.

(ii) the party is an associate of the Group.
(iii) the party is a joint venture in which the Group is a venturer;
(iv) the party is a member of the key management personnel of the Group.
(v) the party is a close member of the family of an individual referred to in (i) or (iv) above
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.
(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any company that is a related party of the Group. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

In these financial statements, financial assets comprise short term investments, cash and bank balances, other receivables, deposits and related party receivables. Financial liabilities comprise accounts payable, bonds and notes payable.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cashflows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of'other' business model and measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments (cont'd)

Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Amortised cost; or
- Fair value through profit or loss (FVTPL).

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost includes short term investments and other receivables, due from related parties and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) on the financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12- month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment (cont'd)

For receivables, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For other financial assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

The Group's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(o) Dividends

Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are approved by the Group's Board of Directors.

(p) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

4. REVENUES

Revenues represent income earned from the provision of transportation, property rental and courier services excluding discounts, and general consumption tax.

5. GOODWILL

	Group	
Cost:	**2022**	2021
	$	$
Balance at start of the year	**4,500,000**	11,075,500
Impairment loss on goodwill (i)	**-**	(6,575,500)
Balance at the end of the year	**4,500,000**	4,500,000

	Company	
Cost:	**2022**	2021
	$	$
Balance at the start of the year (ii)	**4,500,000**	4,500,000
Impairment loss on goodwill	**-**	-
Balance at the end of the year	**4,500,000**	4,500,000

(i) KE Connect US LLC acquired Davis Tours which resulted in a goodwill of US$50,000. KE Connect US LLC, based in Florida, USA, has not operated since March 2020 due to the Covid-19 Pandemic and ceased operations on May 31, 2022. Based on assessment undertaken, the balance is deemed impaired.

(ii) Goodwill resulted from the acquisition of SouthCoast Express Limited.

The Group assesses the impairment of goodwill at least on an annual basis or when events or circumstances indicate that the carrying value may be impaired.

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YEAR ENDED MAY 31, 2022

6. PROPERTY, PLANT AND EQUIPMENT

Group:

	Computer	Furniture Fixtures and Equipment	Leasehold Improvement	Freehold Land	Motor Vehicles	Leasehold Building	Work-In Progress	Total
	$	$	$	$	$	$	$	$
At Cost:								
Balance at May 31, 2020	47,813,797	112,848,143	72,076,384	279,262,633	769,538,191	-	-	1,281,539,148
Additions	8,948,564	9,084,154	5,236,618	-	3,400,000	180,853,465	127,870,063	335,392,864
Asset impairment	-	-	-	-	(9,356,593)	-	-	(9,356,593)
Transfer from freehold land	-	-	-	(279,262,633)	-	-	-	(279,262,633)
Balance at May 31, 2021	56,762,361	121,932,297	77,313,002	-	763,581,598	180,853,465	127,870,063	1,328,312,786
Balance at June 1, 2021	56,762,361	121,932,297	77,313,002	-	763,581,598	180,853,465	127,870,063	1,328,312,786
Additions	7,495,780	18,742,787	4,547,468	-	31,861,444	3,489,809	180,461,372	246,598,660
Disposal	-	-	-	-	(10,151,851)	-	-	(10,151,851)
Asset impairment (i)	(396,035)	(4,259,909)	(459,988)	-	(35,605,107)	-	-	(40,721,039)
Transfer from WIP	-	-	-	-	-	308,331,435	(308,331,435)	-
Balance at May 31, 2022	**63,862,106**	**136,415,175**	**81,400,482**	**-**	**749,686,084**	**492,674,709**	**-**	**1,524,038,556**
Accumulated Depreciation:								
Balance at May 31, 2020	22,041,648	57,799,790	21,499,608	-	331,121,488	-	-	432,462,534
Charge for the year	7,899,253	11,786,468	7,482,859	-	97,002,648	1,474,080	-	125,645,308
Balance at May 31, 2021	29,940,901	69,586,258	28,982,467	-	428,124,136	1,474,080	-	558,107,842
Balance at June 1, 2021	29,940,901	69,586,258	28,982,467	-	428,124,136	1,474,080	-	558,107,842
Charge for the year	9,399,431	12,411,067	7,995,441	-	91,816,984	4,521,336	-	126,144,259
Disposal	-	-	-	-	(4,394,202)	-	-	(4,394,202)
Asset impairment (i)	(192,674)	(1,002,256)	(61,813)	-	(14,824,300)	-	-	(16,081,043)
Balance at May 31, 2022	**39,147,658**	**80,995,069**	**36,916,095**	**-**	**500,722,618**	**5,995,416**	**-**	**663,776,856**
Net book value:								
At May 31, 2020	25,772,149	55,048,353	50,576,776	279,262,633	438,416,703	-	-	849,076,614
At May 31, 2021	26,821,460	52,346,039	48,330,535	-	335,457,462	179,379,385	127,870,063	770,204,944
At May 31, 2022	**24,714,448**	**55,420,106**	**44,484,387**	**-**	**248,963,466**	**486,679,293**	**-**	**860,261,700**

(i) This impairment relates primarily to the motor coaches and other assets owned by a subsidiary, KE Connect US LLC, based in Florida, USA which has been discontinued.

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company:

	Computer $	Furniture Fixtures and Equipment $	Leasehold Improvement $	Motor Vehicles $	Leasehold Building $	Work-In Progress $	Total $
At Cost:							
Balance at May 31, 2020	46,360,619	107,829,110	71,087,347	658,849,719	-	-	884,126,795
Balance at June 1, 2020	46,360,619	107,829,110	71,087,347	658,849,719	-	-	884,126,795
Additions	8,948,564	9,084,154	5,236,618	3,400,000	180,853,465	127,870,063	335,392,864
Balance at May 31, 2021	55,309,183	116,913,264	76,323,965	662,249,719	180,853,465	127,870,063	1,219,519,659
Balance at June 1, 2022	55,309,183	116,913,264	76,323,965	662,249,719	180,853,465	127,870,063	1,219,519,659
Additions	7,495,780	18,742,945	4,547,468	8,461,444	3,489,809	180,461,372	223,198,818
Transferred from WIP	-	-	-	-	308,331,435	(308,331,435)	-
Balance at May 31, 2022	**62,804,963**	**135,656,209**	**80,871,433**	**670,711,163**	**492,674,709**	**-**	**1,442,718,477**
Accumulated Depreciation:							
Balance at May 31, 2020	21,703,904	57,191,358	21,416,200	300,860,161	-	-	401,171,623
Balance at June 1, 2020	21,703,904	57,191,358	21,416,200	300,860,161	-	-	401,171,623
Charge for the year	7,601,056	11,238,766	7,382,450	82,501,762	1,474,080	-	110,198,114
Balance at May 31, 2021	29,304,960	68,430,124	28,798,650	383,361,923	1,474,080	-	511,369,737
Balance at June 1, 2022	29,304,960	68,430,124	28,798,650	383,361,923	1,474,080	-	511,369,737
Charge for the year	9,188,003	12,335,155	7,942,535	84,076,764	4,521,336	-	118,063,793
Balance at May 31, 2022	**38,492,963**	**80,765,279**	**36,741,185**	**467,438,687**	**5,995,416**	**-**	**629,433,530**
Net book value:							
At May 31, 2020	24,656,715	50,637,752	49,671,147	357,989,558	-	-	482,955,172
At May 31, 2021	26,004,223	48,483,140	47,525,315	278,887,796	179,379,385	127,870,063	708,149,922
At May 31, 2022	**24,312,000**	**54,890,930**	**44,130,248**	**203,272,476**	**486,679,293**	**-**	**813,284,947**

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7. RIGHT-OF-USE ASSETS

	Group and Company
	$
At Valuation:	
Balance at June 1, 2020	19,277,920
Additions	139,542,538
Balance at May 31, 2021	158,820,458
Balance at June 1, 2021	158,820,458
Expired right-of-use assets	(17,925,063)
Balance at May 31, 2022	**140,895,395**
Depreciation charge for right-of use asset:	
Balance at June 1, 2020	7,977,692
Charge for the year	10,274,006
Balance at May 31, 2021	18,251,698
Balance at June 1, 2021	18,251,698
Charge for the year	11,126,433
Expired right-of-use assets	(17,925,063)
Balance at May 31, 2022	**11,453,068**
Net Book Value:	
Balance at May 31, 2022	**129,442,327**
Balance at May 31, 2021	140,568,760

Lease Liability:	**2022**	2021
	$	$
Non-current lease liability	**122,557,036**	130,769,253
Current lease liability	**8,252,530**	11,093,560

On June 1, 2020, the applicable operating leases were recognised by the Group as right-of-use assets with corresponding lease liability. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's annual incremental borrowing rate of 7.25% per annum.

8. INVESTMENT PROPERTIES

This represents the cost of land located at Drax Hall Estate, St. Ann and Mandeville, Manchester for Knutsford Express Investments Limited.

	Group	
	2022	2021
	$	$
Cost of land - Drax Hall Estate	**110,449,415**	110,449,415
Cost of land - Mandeville	**51,167,500**	-
Cost of land at the end of the year	**161,616,915**	110,449,415

9. DUE FROM SUBSIDIARIES

	Company	
	2022	2021
	$	$
KE Connect Limited	**91,384,530**	81,982,408
KE Connect US LLC (i)	**-**	28,454,732
Knutsford Express Investments Limited (ii)	**164,852,490**	109,436,815
	256,237,020	219,873,955

These represent advances to the subsidiaries by the Company. The loans are interest free, unsecured and have no fixed date of repayment.

(i) The write off of the related party balance is as a result of the recognition of impairment loss due to KE Connect US LLC's inability to resume operations since the inception of the Covid-19 pandemic in March 2020 and the cessation of its operations as at May 31, 2022. The total write off for the year is $30,331,891 (2021: $101,898,051).

(ii) This relates to advances to the subsidiary for the purchase of land for Drax Hall Business Centre and land in Mandeville as well as for working capital purposes.

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	$	$
KE Connect Limited	**6,000**	6,000
Knutsford Express Investments Limited	**6,000**	6,000
KE Connect US LLC (see note 30)	**-**	1,315,100
	12,000	1,327,100

These are wholly owned subsidiaries of the Company. The investment in KE Connect US LLC was deemed impaired, as the subsidiary is no longer operating.

11. RELATED PARTY - LEASE DEPOSIT

	Group and Company	
	2022	2021
	$	$
Balance at the start of the year	**4,000,000**	4,125,000
Current amount amortised during the year	**(125,000)**	(125,000)
Balance at the end of the year	**3,875,000**	4,000,000

Lease deposit represents amounts advanced to a related company, Storage Solutions Limited, for the usage of leased property over forty (40) years. The amount is amortised over the life of the lease.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12. TERM DEPOSIT - RESTRICTED

	Group and Company	
	2022	2021
	$	$
	-	2,728,148

The term deposit held with National Commercial Bank Jamaica Limited (NCB) at interest rate of 1.7% per annum was released on the encashment of the investment during the financial year.

13. INVENTORIES

	Group and Company	
	2022	2021
	$	$
	16,554,357	16,619,559

Inventories represent unused parts and accessories as at the year end which are used for the maintenance of the Group's motor vehicles.

14. OTHER ASSETS

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Accounts receivable	**9,674,051**	1,642,630	**7,643,984**	1,311,005
Deposit on motor vehicles	**13,499,974**	8,301,853	**13,499,974**	8,301,853
Deposit on assets	**2,140,328**	8,439,744	**2,140,328**	8,439,744
Prepayments	**2,760,000**	-	**2,760,000**	-
Other receivables	**2,518,827**	3,756,092	**2,518,827**	3,756,092
	30,593,180	22,140,319	**28,563,113**	21,808,694

15. INVESTMENTS

	Group and Company	
	2022	2021
(a) Long term investment:	**$**	$
Proven Wealth (i)	**19,304,114**	-
(b) Short term investments:		
Proven Wealth (i)	-	18,037,982
NCB fixed deposits (ii)	**-**	36,551,528
JMMB Investment (iii)	**73,131,512**	47,046,741
	73,131,512	101,636,251

(i) This represents indexed linked notes totaling US$125,463 (2021: US$121,467) which matured on March 23, 2022 and were rolled over until March 23, 2024. The notes earn interest at 4.71% (2021: 3.25%) per annum.

(ii) These represent term deposits of US$246,137 and JMD$2,728,148 (2021: US$246,137 and JMD$2,728,148) which earned interest at 0.75% and 1.17% respectively (2021: 0.75% and 1.17%) per annum which matured on October 6, 2021.

(iii) This represents US$320,972 (2021: US$316,811) and USD$150,000 reverse repurchase agreements which earns interest at 3.50% (2021: 3.50%) and 4% respectively per annum and matures on July 4, 2022.

16. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Current accounts	**69,094,284**	41,252,000	**67,861,503**	32,943,805
Foreign currency accounts	**20,971,683**	8,726,360	**18,773,003**	6,294,201
Cash balances	**15,703,657**	8,897,948	**15,690,657**	8,881,969
	105,769,624	58,876,308	**102,325,163**	48,119,975

The weighted average effective interest rate for cash and bank balances is 0.10% (2021: 0.15%). The cash and bank balances are unrestricted.

17. SHARE CAPITAL

	Group and Company	
	2022	2021
	$	$
Authorized share capital:		
500,025,000 Ordinary shares at no par value	**-**	-
Issued and fully paid:		
500,000,015 Ordinary shares at no par value	**51,805,097**	51,805,097

18. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit / (loss) after taxation and the weighted average number of shares in issue during the year.

	2022	2021
Net profit / (loss) attributable to shareholders	**77,825,250**	(95,982,020)
Weighted average number of shares in issue	**500,000,015**	500,000,015
Earnings per share for profit / (loss) attributable to shareholders	**$ 0.16**	$ (0.19)
Profit / (loss) attributable to shareholders - Continuing operations	**110,661,737**	(63,597,060)
Earnings per share for profit / (loss) attributable to shareholders – Continuing operations	**$ 0.22**	$ (0.13)

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19. NOTES PAYABLE

	Group and Company	
	2022	2021
	$	$
Balance at the beginning of the year	**44,273,593**	40,593,768
Principal repayment during the year	**(66,734,979)**	(11,415,575)
Addition during the year	**22,461,386**	15,095,400
Balance at the end of the year	**-**	44,273,593
Current portion of notes payable	**(18,133,419)**	(20,655,857)
Non-current portion of notes payable	**(18,133,419)**	23,617,736

The loans from the National Commercial Bank Jamaica Limited has interest rates of 8.75% per annum. The loans are secured by liens over four (4) of the Company's Kinglong Coach buses and guarantees from the Group's original shareholders and a related company.

Included above, are two (2) loans totaling $24.5 million from the National Export-Import Bank of Jamaica at an interest rate of 4.5% and 5% (2021: 4.5% and 5%) per annum. The loans are secured by liens over three (3) of the Company's Kinglong Coach buses and matures on January 31, 2024 and April 30, 2029.

20. BONDS PAYABLE

	Group and Company	
	2022	2021
	$	$
JN Fund Managers (i)	**185,000,000**	150,000,000
Proven Wealth (ii)	**150,000,000**	150,000,000
	335,000,000	300,000,000

(i) This is a senior unsecured bond for $50,000,000 which was obtained December 11, 2019 and additional drawdowns totaling $100,000,000 on September 30, 2020 and March 05, 2021 which attracts a fixed interest rate at 6.90% (2021: 6.90%) per annum for a four year period payable quarterly. The bond matures in November 2023. An additional drawdown of $35,000,000 was done on July 28, 2021 which attracts an interest rate of 7.15% per annum and is paid quarterly until maturity in November 2023.

(ii) This is a senior unsecured fixed to floating bond for $150,000,000 which was obtained December 5, 2018 and attracts a fixed interest rate at 7.25% per annum for the first five year period payable quarterly. Thereafter, interest for the remaining term is charged at the Government of Jamaica 3-month weighted average treasury bill yield immediately prior to the commencement of the respective quarterly interest period, plus 2.50% per annum until the maturity date on December 8, 2025.

21. SHAREHOLDERS' LOANS

	Group and Company	
	2022	2021
	$	$
	452,840	452,840

This represents advances to the Group by the original shareholders. The loan is interest free, unsecured and has no fixed date of repayment.

22. DEFERRED TAX LIABILTY

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The analysis of the deferred tax balances (after offset) for reporting purposes:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Deferred tax liabilities	**17,062,863**	13,265,278	**22,048,715**	18,251,130
	17,062,863	13,265,278	**22,048,715**	18,251,130

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Property, plant and equipment	**26,831,776**	28,543,450	**23,122,717**	24,834,391
Unrealized exchange (gain) / loss	**(1,093,266)**	597,762	**(1,074,002)**	617,026
Tax loss	**(8,675,647)**	(15,875,934)	**-**	(7,200,287)
Cash and bank balances				
	17,062,863	13,265,278	**22,048,715**	18,251,130

The movement during the year in the Group's deferred tax position was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Balance at the beginning of the year	**13,265,278**	20,056,882	**18,251,130**	25,042,734
Movement during the year	**3,797,585**	(6,791,604)	**3,797,585**	(6,791,604)
Balance at the end of the year	**17,062,863**	13,265,278	**22,048,715**	18,251,130

23. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Accounts payable	**72,274,155**	42,588,491	**72,274,155**	40,159,260
Statutory liabilities	**5,708,282**	3,587,260	**5,708,282**	3,587,237
Other accruals	**33,779,502**	19,962,040	**32,451,802**	18,198,736
	111,761,939	66,137,791	**110,434,239**	61,945,233

24. TAXATION PAYABLE / (RECOVERABLE)

Taxation payable is based on profits for the year, adjusted for taxation purposes, subject to the agreement of the Tax Administration Jamaica, and is calculated at 25%.

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Current year:				
Net tax payable at the beginning of the year	**(57,045)**	3,790,784	**(216,095)**	3,790,784
Tax liability for the current year	**13,185,467**	165,650	**13,185,467**	-
	13,128,422	3,956,434	**12,969,372**	3,790,784
Less:				
Payment of prior year taxation adjustment	**6,600**	(4,013,479)	**-**	(4,006,879)
Net payable / (recoverable) for current year	**13,135,022**	(57,045)	**12,969,372**	(216,095)

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25. EXPENSES BY NATURE
Administration and General Expenses:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
		*Restated		
Salaries, wages and related expenses	**305,791,405**	219,379,487	**305,791,405**	219,379,487
General expenses	**2,848,042**	-	**2,848,042**	-
Contract labour	**280,000**	-	**280,000**	
Staff uniform	**5,113,672**	6,348,727	**5,113,672**	6,348,727
Staff training and welfare	**3,169,863**	1,606,215	**3,169,863**	1,606,215
Electricity	**16,619,897**	11,196,741	**16,619,897**	11,196,741
Telephone	**27,478,875**	26,504,837	**27,478,875**	26,504,837
Water	**7,306,805**	4,488,615	**7,306,805**	4,488,615
Office supplies	**6,899,502**	6,416,792	**6,899,502**	6,416,792
Motor vehicle rental	**1,892,932**	2,973,257	**6,010,532**	2,973,257
Repairs and maintenance	**13,593,797**	11,536,424	**13,588,797**	11,536,424
Equipment rental	**-**	174,000	**-**	174,000
Rent	**34,136,907**	24,517,408	**33,472,562**	23,522,135
Registration fees	**1,135,766**	478,815	**-**	-
Travelling	**8,649,452**	8,031,356	**8,649,452**	8,031,356
License and permits	**5,962,333**	6,339,527	**5,458,513**	6,339,527
Advertising and promotion	**13,693,002**	16,786,707	**13,693,002**	16,684,540
Fuel	**150,720,115**	73,360,289	**149,749,794**	73,228,555
Passenger supplies	**11,612,648**	3,673,454	**11,612,648**	3,673,454
Parts and supplies	**58,847,625**	29,377,000	**58,830,656**	29,377,000
Motor vehicle repairs and maintenance	**5,305,906**	4,319,189	**5,305,906**	4,319,188
Loss on disposal of property, plant and equipment	**530,816**	-	**-**	-
Fees and charges	**4,290,793**	934,509	**4,290,793**	934,509
Insurance	**36,933,122**	28,093,099	**33,705,606**	27,544,096
Toll fees	**34,716,754**	20,459,095	**34,716,754**	20,459,095
Accommodation	**449,954**	44,000	**449,954**	44,000
Professional fees	**9,513,626**	8,452,473	**8,511,476**	7,777,726
Donation and scholarships	**490,000**	-	**490,000**	-
Directors' fees	**2,460,000**	2,110,500	**2,460,000**	2,110,500
Dues and subscriptions	**3,487,525**	3,289,162	**3,487,525**	3,289,162
Communication equipment	**1,138,444**	330,500	**1,138,444**	330,500
Cleaning and sanitation	**12,855,279**	8,792,492	**12,855,279**	8,792,492
Commission	**3,024,270**	1,690,442	**3,024,270**	1,690,442
Postage and delivery	**1,026,327**	2,039,654	**1,026,327**	2,039,654
Printing and stationery	**6,186,671**	3,153,438	**6,186,671**	3,153,438
Depreciation and amortisation	**126,269,263**	118,879,205	**118,188,796**	110,323,114
Depreciation on right-of-use assets	**11,126,433**	10,274,006	**11,126,433**	10,274,006
Audit fees	**2,750,000**	2,600,000	**1,850,000**	1,750,000
Accounting fees	**1,260,000**	1,315,000	**1,260,000**	1,315,000
Property tax	**224,600**	224,600	**-**	-
IT services	**13,498,944**	4,984,697	**13,498,944**	4,984,697
Security	**25,599,277**	23,320,635	**25,599,277**	23,320,635
	978,890,643	698,496,347	**965,746,473**	685,933,916

*Comparative information has been restated due to discontinued operation (see note 30)

26. OPERATING PROFIT / (LOSS)

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
		Restated		
	156,142,662	(69,079,327)	**156,279,743**	(59,910,527)

Stated after charging the following:	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Auditor's remuneration	**2,750,000**	2,600,000	**1,850,000**	1,750,000

27. FINANCE INCOME

	Group and Company	
	2022	2021
	$	$
Interest income	**3,169,302**	2,891,495
Unrealised exchange gain	**4,941,312**	11,026,938
	8,110,614	13,918,433

28. FINANCE COSTS

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Loan interest expense	**13,860,935**	4,286,915	**6,186,810**	4,220,464
Interest expense on right-of-use asset	**1,598,998**	997,653	**1,598,998**	997,653
Unrealised exchange gain	**-**	(67,053)	**-**	-
Bank charges and commissions	**21,148,554**	10,074,911	**20,949,273**	9,646,495
	36,608,487	15,292,426	**28,735,081**	14,864,612

29. TAXATION CHARGE / (CREDIT)

On January 14, 2014, the Company became a public listed entity on The Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a 100 % remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016. As of January 15, 2019, the 50% remission for the remaining five years, has been in effect.

The Group provides for deferred tax.

(a) Taxation is computed at 25% (2021: 25%) of the profit for the year as adjusted for taxation purposes.

The taxation charge / (credit) is made up as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Current:				
Current Taxation	**13,185,467**	165,650	**13,185,467**	-
	13,185,467	165,650	**13,185,467**	-
Deferred:				
Origination and reversal of temporary differences	**3,797,585**	(6,791,604)	**3,797,585**	(6,791,604)
	16,983,052	(6,625,954)	**16,983,052**	(6,791,604)

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29. TAXATION CHARGE / (CREDIT) (CONT'D)

(b) Reconciliation of effective tax rate and charge:	Group			
	2022		2021	
	$	%	$	%
			*Restated	
Profit / (loss) before taxation for the year	**127,644,789**		(70,223,014)	
Computed tax charge / (credit)	**31,911,197**	**25%**	(17,555,754)	25%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances	**1,259,696**	**1%**	(1,015,190)	1%
Unrealized exchange gains	**413,722**	**0%**	1,852,834	-3%
Remission of income taxes	**(13,185,467)**	**-10%**	-	0%
Tax losses	**(11,958,877)**	**-9%**	9,588,012	-14%
Other adjustments	**8,542,781**	**7%**	504,144	-1%
Actual charge / (credit)	**16,983,052**	**14%**	(6,625,954)	8%

	Company			
	2022		2021	
	$	%	$	%
Profit / (loss) before taxation for the year	**104,008,285**		(162,754,757)	
Computed tax charge / (credit)	**26,002,071**	**25%**	(40,688,689)	25%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances - normal rate	**1,742,926**	**2%**	(1,132,934)	1%
Unrealized exchange gains	**456,976**	**0%**	1,851,077	-1%
Remission of income taxes	**(13,185,467)**	**0%**	7,200,286	0%
Other adjustments	**16,367,119**	**16%**	-	0%
Tax losses	**(14,400,573)**	**-14%**	25,978,656	-16%
Actual charge / (credit)	**16,983,052**	**29%**	(6,791,604)	9%

Remission of income tax:

On January 14, 2014, the Company became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company was entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complied with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016. As of January 15, 2019, the 50% remission for the remaining five years, has been in effect.

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. Subject to agreement with the Ministry of Finance and Planning, remission will be sought for periods up to 2022 totalling $45,270,753 (2021: $32,085,286).

30. DISCONTINUED OPERATION

(a) The Board of Directors of Knutsford Express Services Limited has decided to discontinue the operation of its subsidiary, KE Connect US LLC, due to the continued impact of COVID-19 which has prevented the subsidiary from operating since March 2020. This led to uncertainties as to whether the subsidiary would be able to continue its operation going forward. The loss for the year from discontinued operation was $32,836,487 (2021: $32,384,960).

As shown in notes 30(b) & (c) below, KE Connect US LLC was not previously classified as held-for-sale or as a discontinued operation in the 2021 financial year. However, the comparative group's statement of comprehensive income has been represented below to show the discontinued operation separately from continuing operations.

Financial performance and cash flow information for discontinued operation:

	Group	
	2022	2021
	$	$
Revenue	-	645,623
Less:		
Administrative and general expenses	**(3,358,563)**	(16,868,184)
Operating loss	**(3,358,563)**	(16,222,561)
Impairment loss - goodwill	-	(6,575,500)
Impairment loss - property, plant and equipment	**(31,044,680)**	(9,356,593)
Finance costs	**(109,250)**	(230,306)
Loss from discontinued operation	**(34,512,493)**	(32,384,960)
Gain on discontinued subsidiary	**1,676,006**	-
Loss from discontinued operation	**(32,836,487)**	(32,384,960)
Exchange differences on translation of discontinued operations	**4,419,686**	(3,638,267)
Other comprehensive income from discontinued operation	**4,419,686**	(3,638,267)
Net cash (outflow) / inflow from operating activities	**(21,406)**	638,494
Net cash inflow / (outflow) from financing activities	**12,450**	(631,223)
Net (decrease) / increase in cash generated by the subsidiary	**(8,956)**	7,271

(b) Details of the discontinued subsidiary:

	2022	2021
	$	$
Carrying amount of net liabilities	**(2,743,680)**	-
Reclassification of foreign currency translation reserve	**4,419,686**	-
Gain on discontinued subsidiary	**1,676,006**	**-**

(c) Details of the discontinued subsidiary:

	2022	2021
	$	$
Cash and bank balances	**291,416**	-
Total assets	**291,416**	-
Accounts payable and accrued charges	**3,035,096**	-
Total liabilities	**3,035,096**	-
Net liabilities	**(2,743,680)**	**-**

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31. RELATED PARTIES

The following related party balances are shown separately in the Group's and Company's statement of financial position:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Lease deposit to related company	**3,875,000**	4,000,000	**3,875,000**	4,000,000
Due from subsidiaries	**-**	-	**256,237,020**	219,873,955
Amounts due to key management personnel	**(452,840)**	(452,840)	**(452,840)**	(452,840)

The Group's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	Group and Company	
	2022	2021
	$	$
Transactions with key management personnel:		
- Directors' fees	**2,460,000**	2,110,500
- Management remuneration	**18,744,000**	17,622,400

32. STAFF COSTS

The number of employees at the end of the year was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Permanent	**221**	178	**221**	175

The aggregate payroll costs for these persons were as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Salaries and profit related pay	**314,074,940**	230,821,701	**314,074,940**	227,334,429

33. DIVIDENDS

No dividends were declared during the financial year.

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Group. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at the statement of financial position date.

Generally, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Group would realise in a current market exchange.

The following methods and assumptions have been used.

The amounts included in the financial statements for cash and cash equivalents, short term deposits, receivables, payables, and due to / from related companies reflect the approximate fair values because of short-term maturity of these instruments.

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk
(iv) Cash flow risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(i) Credit risk

Credit risk is the risk of a financial loss arising from a counter-party to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily, in cash and cash equivalents, short-term deposits, receivables and due from related company.

Exposure to credit risk:

	Group		Company	
	2022	2021	**2022**	2021
	$	$	**$**	$
Other assets	**30,593,180**	22,140,319	**28,563,113**	21,808,694
Investments	**92,435,626**	101,636,251	**92,435,626**	101,636,251
Cash and bank balances	**105,769,624**	58,876,308	**102,325,163**	48,119,975
	228,798,430	182,652,878	**223,323,902**	171,564,920

The maximum credit exposure, the total amount of loss the Group would suffer if every counter-party to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position.

There was no change in the Group's approach to its credit risk management during the current or prior period.

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34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group.

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

	Group			
	Carrying amount	Contractual cash flow	Less than 1 year	1 - 3 years
	$	$	$	$
May 31, 2022:				
Notes payable	45,726,738	50,907,437	20,278,799	30,628,638
Accounts payable and accrued charges	111,761,939	111,761,939	111,761,939	-
	157,488,677	**162,669,376**	**132,040,738**	**30,628,638**
May 31, 2021:				
Notes payable	44,273,593	48,719,834	23,595,853	25,123,981
Accounts payable and accrued charges	66,137,791	66,137,791	66,137,791	-
	110,411,384	114,857,625	89,733,644	25,123,981

	Company			
	Carrying amount	Contractual cash flow	Less than 1 year	1 - 3 years
	$	$	$	$
May 31, 2022:				
Notes payable	45,726,738	50,907,437	20,278,799	30,628,638
Accounts payable and accrued charges	110,434,239	110,434,239	110,434,239	-
	156,160,977	**161,341,676**	**130,713,038**	**30,628,638**
May 31, 2021:				
Notes payable	44,273,593	48,719,834	23,595,853	25,123,981
Accounts payable and accrued charges	61,945,233	61,945,234	61,945,234	-
	106,218,826	110,665,068	85,541,087	25,123,981

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iii) Market risk

Market 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 security or its issuer or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The elements of market risk that affect the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currencies giving rise to this risk is the United States dollar.

The exposure to foreign currency risk at the statement of financial position date was as follows:

	Group				Company			
	2022 US$	**2022 GBP£**	2021 US$	2021 GBP£	**2022 US$**	**2022 GBP£**	2021 US$	2021 GBP£
Foreign currency assets:								
Cash and bank balances	**129,178**	**3,407**	299,443	3,152	**115,037**	**3,407**	283,165	3,152
Investments	**600,767**	**-**	684,415	-	**600,767**	**-**	684,415	-
	729,945	**3,407**	983,858	3,152	**799,452**	**3,407**	967,580	3,152

Sensitivity analysis:

A strengthening of 200 (2021: 200) basis points of the Jamaica dollar against the currencies indicated above at May 31 would have decreased the Group and Company's profit or loss by $2,259,302 (2021: $2,935,390) and $2,215,787 (2021: $2,887,044), respectively. A weakening of 800 (2021: 600) basis points of the Jamaica dollar against the currencies indicated above at May 31 would have increased the Group and Company's profit or loss by $8,724,104 (2021: $8,806,171) and $8,556,108 (2021: $8,661,133), respectively.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary. As at the year end, the Group was not subject to significant interest rate risk.

Sensitivity to interest rate movements:

The Group does not have variable rate instruments nor fixed rate financial assets and liabilities at fair value through the statement of comprehensive income, and is therefore not subject to interest rate sensitivity.

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34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Group manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(c) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optional capital structure to reduce the cost of capital. The Group met the capital requirements of at least $50,000,000 for listing on the Junior Market of the Jamaica Stock Exchange. There was no other externally imposed capital requirement.

There were no changes to the Group's approach to capital management during the year, and this is monitored by the Board of Directors.

35. SEGMENT REPORTING

Segment financial information is presented in respect of geographic locations. Assets, liabilities and operating results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment transactions are charged at arm's length prices.

	2022			
	Jamaica	Discontinued Operation USA	Eliminated on consolidation	Group Total
Statement of Comprehensive Income:				
Revenue	1,117,682,935	-	(4,117,600)	1,113,565,335
Other income	21,467,970	-	-	21,467,970
Finance income	8,110,614	-	-	8,110,614
Administrative and general expenses	(983,008,243)	-	4,117,600	(978,890,643)
Impairment loss - related party	(30,513,067)	-	30,513,067	-
Finance costs	(36,608,487)	-	-	(36,608,487)
Profit before taxation	97,131,722	-	30,513,067	127,644,789
Taxation charge	16,983,052	-	-	16,983,052
Profit from continuing operations	80,148,670	-	30,513,067	110,661,737
Loss from discontinued operation	-	(32,836,487)	-	(32,836,487)
Profit / (loss) for the year	80,148,670	(32,836,487)	30,513,067	77,825,250

35. SEGMENT REPORTING (CONT'D)

	2021 *Restated			
	Jamaica	**Discontinued Operation USA**	**Eliminated on consolidation**	**Group Total**
Statement of Financial Position:				
Assets	1,428,308,470	26,251,535	(222,779,256)	1,231,780,749
Shareholders' equity	672,275,216	(5,159,669)	(1,327,110)	665,788,437
Liabilities	756,033,254	31,411,204	(221,452,146)	565,992,312
	1,428,308,470	26,251,535	(222,779,256)	1,231,780,749
Statement of Comprehensive Income:				
Revenue	632,405,202	-	(3,039,000)	629,366,202
Other income	50,818	-	-	50,818
Finance income	13,918,433	-	-	13,918,433
Administrative and general expenses	(701,535,347)	-	3,039,000	(698,496,347)
Impairment loss - related party	(101,898,051)	-	101,898,051	-
Finance costs	(15,062,120)	-	-	(15,062,120)
(Loss) / profit before taxation	(172,121,065)	-	101,898,051	(70,223,014)
Taxation credit	(6,625,954)	-	-	(6,625,954)
(Loss) / profit from continuing operations	(165,495,111)	-	101,898,051	(63,597,060)
Loss from discontinued operation	-	(32,384,960)	-	(32,384,960)
(Loss) / profit for the year	(165,495,111)	(32,384,960)	101,898,051	(95,982,020)

*Comparative information has been restated due to discontinued operation (see note 30)

36. IMPACT OF THE COVID-19 PANDEMIC

The effects of COVID-19 Pandemic continued into 2021 as the Government of Jamaica imposed measures to restrict public movement and gatherings in order to control the spread of Covid-19. In the latter part of the financial year most of these restrictions were discontinued contributing to a positive impact on the Group's performance and its ability to resume normal operations.

FORM OF PROXY
KNUTSFORD EXPRESS SERVICES LIMITED
Lot 1222 Providence Drive, Ironshore Estate
Montego Bay, Jamaica (West Indies)

I/We ---
of -------------------------------------- in the Parish of ---
being member/members of the above named company hereby appoint ----------------------------- of ------------------ or failing him/her --- of ---------------------------- as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Grand-A-View, 7 Queens Drive, Montego Bay on Thursday, December 15, 2022 at 10:30 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Resolution No. 1 Adoption of Directors and Auditors Report, Financial Statement for year ended May 31, 2022		
Resolution No. 2 That the Directors, retiring by rotation, be re-elected by a Single Resolution		
Resolution No. 3 Election of Directors retiring by rotation - Gordon Townsend - Anthony Copeland - Wayne Wray - Peter Pearson		
Resolution No. 4 Remuneration of Directors		
Resolution No. 5 To appoint Auditors and to authorize the Directorsto fix the remuneration of the Auditors		

Signed this -------- day of --------------------------- 2022

Signature --

Notes:

1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. The proxy form should bear stamp duty of One Hundred dollars ($100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the proxy form.

REGISTRAR AND TRANSFER AGENTS
Jamaica Central Securities Depository Limited
40 Harbour Street, Kingston

annual report & financial statements 2022