

CAC 2000 LIMITED

Notes to the Financial Statements

First Quarter Ended January 31, 2023

1. Identification

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

2. Statement of compliance and basis of preparation

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

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

3. Significant accounting policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements for the twelve months ended October 31, 2022

4. Movements in fixed assets

	Lease Hold Building Improvement	Motor Vehicles	Plant & Machinery	Furniture & Fixtures	Computer & Peripherals	Office Equipment	Tools & Equipment	Paintings	GRAND TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost - 01/11/22	23,956	66,511	14,255	3,744	33,319	1,979	2,785	500	147,047
Revaluation/Adjustment	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Reclassification due to IFRS 16	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
Cost - 31/10/22	23,956	66,511	14,255	3,744	33,319	1,979	2,785	500	147,047
Depeciation - 01/11/2022	23,956	52,272	5,959	2,548	33,057	1,644	2,686	-	122,122
Prior year adj.	-	-	-	-	-	-	-	-	-
Depreciation on Disposal	-	-	-	-	-	-	-	-	-
Depreciation Charge - YTD	-	1,548	323	66	101	66	11	-	2,115
Accumulated Depreciation	23,956	53,820	6,283	2,613	33,159	1,710	2,697	-	124,237
Net Book Value January 2023	(0)	12,690	7,972	1,130	160	270	88	500	22,810
Net Book Value -Oct. 2022	(0)	14,238	8,295	1,196	261	335	98	500	24,925

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5. Right-of-Use-Asset

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

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

5a. Right-of-use assets- Property

	January 2023
	\$
Balance at November 1, 2022	61,336,717.88
Depreciation	<u>(4,421,826.15)</u>
Balance as at January 31, 2023	56,914,891.73

5b. Lease liabilities – right of use asset

Maturities analysis- contractual undiscounted cash flows:

	January
	\$
Not later than 1 year	15,383,031
Later than 1 year and not later than 5 years	<u>70,089,652</u>
Total undiscounted lease liability at January 2023	85,472,683
Less: future interest payments	<u>-16,045,420</u>
	69,427,263

5c. Right of use lease liabilities included in the statement of financial position at January 31, 2023:

	Jan-23
	\$
Current	15,383,031
Non-current	<u>54,044,232</u>
	<u>69,427,263</u>

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5. Right of Use Asset (Cont'd)

Amount recognized in profit or loss – right of use asset	\$
Interest on lease liabilities	1,927,916
Depreciation of right of use asset	<u>4,815,979</u>
Amount recognized in the statement of cash flows	\$
Total cash outflow for leases - right of use asset	<u>3,480,839</u>

6. Deferred taxation

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

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

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

	\$
Asset as at October 2022	7,392,968
Increase in provision for deferred tax	<u>3,921,642</u>
Net asset at end of the quarter January 2023	<u>11,314,610</u>

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7. Trade and Other Receivables

	January 2023	January 2022 \$	October 2022 \$
Trade	416,943,623.84	378,948,584.49	507,513,080.00
Less: expected credit loss	- 63,517,719.30	- 69,689,543.53	63,517,720.00
	353,425,904.54	309,259,040.96	443,995,360.00
Other receivables	73,439,648.51	91,413,106.92	28,077,523.00
Prepayments	6,339,852.58	256,590,361.12	8,636,002.00
	433,205,405.63	657,262,509.00	480,708,885.00

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

	2022	2022	2022
	Gross Carrying Amount \$	Expected Credit Loss rate	Expected Credit Loss \$
0-30 days	110,499,346	2%	2,451,940
31-60 days	56,170,464	7%	3,891,261
61-180 days	43,584,761	20%	8,603,288
More than 180 days	297,258,509	16%	48,571,231
	<u>507,513,080</u>		<u>63,517,720</u>
	2021	2021	2021
	Gross Carrying Amount \$	Expected Credit Loss rate	Expected Credit Loss \$
0-30 days	259,922,602	7%	18,750,699
31-60 days	63,273,528	5%	3,472,352
61-180 days	116,542,673	18%	9,722,585
More than 180 days	325,722,799	39%	37,501,399
	<u>765,461,602</u>		<u>69,447,035</u>

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9. Share capital

	January 2023	January 2022
	Units	Units
Authorised ordinary units of no par value	200,000,000	200,000,000
Issued ordinary units of no par value	129,032,258	129,032,258
Share capital:	\$	\$
Issued and fully paid ordinary stocks of no par value	129,189,757	129,189,757

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

10. Loans and borrowings

	January 2023	January 2022
	\$	\$
Bank Loans:		
Motor vehicle loans	17,672,114	4,416,441
Premium financing Loan	-	
BNS revolving loan facility	120,000,000	54,462,341
Redeemable preference shares	200,000,000	200,000,000
	<u>337,672,114</u>	<u>258,878,782</u>
Less: Current portion	<u>-125,027,580</u>	<u>-54,462,341</u>
Non-current portion	<u>212,644,534</u>	<u>204,416,441</u>

(a) Redeemable preference shares:

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

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11. Trade and Other Payables

	January 2023	January 2022
	\$	\$
Trade payable	160,677,458	144,590,764
Other payable	270,363,207	491,827,157
	<u>431,040,665</u>	<u>492,362,787</u>

12. Income Tax

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

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

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

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

	2023
	\$
Income tax Expense	0
Deferred income taxes (Note 6)	3,921,642
Total current tax expense	<u>0</u>