

NEWCASTLE DEVELOPMENT CORPORATION

Financial Information

For the year ended September 30, 2023

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For the year ended September 30, 2023

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Compilation Engagement Report

To the Management of Newcastle Development Corporation

On the basis of information provided by management, we have compiled the balance sheet of **Newcastle Development Corporation** as at September 30, 2023 and the statement of operations and retained earnings (deficit) for the year then ended and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
January 25, 2024

NEWCASTLE DEVELOPMENT CORPORATION

Balance Sheet

September 30	2023	2022
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Assets

Current Assets

Bank	\$ 3,902,972	\$ -
Accounts receivable	310,490	-
Goods and services tax receivable	230,588	-
Inventories	13,078,490	8,900,805
Prepaid expenses	105,772	87,213
	17,628,312	8,988,018

Investment in private corporations	18,210	18,210
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Capital assets (Note 2)	49,263,386	40,118,967
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	\$ 66,909,908	\$ 49,125,195
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Liabilities and Shareholders' Equity (Deficiency)

Current Liabilities

Bank indebtedness	\$ -	\$ 419,303
Accounts payable and accrued liabilities	243,741	1,092,702
Goods and services tax payable	-	49,864
Deposits	281,205	241,304
	524,946	1,803,173

Long-term debt	67,499,980	44,016,683
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Due to related parties	50,346	2,170,426
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	68,075,272	47,990,282
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Shareholders' Equity (Deficiency)

Share capital	977	977
Retained earnings (deficit)	(1,166,341)	1,133,936
	(1,165,364)	1,134,913

	\$ 66,909,908	\$ 49,125,195
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NEWCASTLE DEVELOPMENT CORPORATION
Statement of Operations and Retained Earnings (Deficit)

For the year ended September 30	2023	2022
Sales		
Rental	\$ 3,655,832	\$ 2,770,610
Interest	38,320	25,905
Gain on disposal of assets	-	18,035
	<u>3,694,152</u>	<u>2,814,550</u>
Expenses		
Refinancing fees	2,729,506	-
Bank charges and interest	1,589,014	1,065,121
Property management fees	508,323	218,216
Repairs and maintenance	409,343	359,974
Property tax	319,963	328,793
Insurance	146,352	74,655
Professional fees	120,077	80,615
Utilities	78,262	78,555
Amortization	44,622	516,387
Automobile	16,258	16,751
Bad debts	15,206	4,053
Advertising and promotion	6,397	10,823
Meals and entertainment	5,640	8,778
Office and miscellaneous	5,466	9,227
Salaries and wages	-	16,519
Rent	-	4,382
	<u>5,994,429</u>	<u>2,792,849</u>
Net income (loss)	(2,300,277)	21,701
Retained earnings, beginning of year	1,133,936	1,172,222
Premium on redemption of preferred shares	<u>-</u>	<u>(59,987)</u>
Retained earnings (deficit), end of year	\$ (1,166,341)	\$ 1,133,936

NEWCASTLE DEVELOPMENT CORPORATION

Notes to Financial Information

For the year ended September 30, 2023

1. Basis of Accounting

The basis of accounting applied in the preparation of the financial information is on the historical cost basis, reflecting cash transactions with the addition of:

- accounts receivable
- inventories recorded at cost plus soft costs while under development
- prepaid expenses are deferred to the period to which they relate
- property, plant and equipment amortized over their estimated useful life
- long term investments at cost
- accounts payable and accrued liabilities
- damage deposits are recorded as a liability until such time as the unit is vacated and are then recorded as income or refunded.
- current income taxes payable as at the reporting date
- long-term debt
- transactions receivable/payable with shareholders and related parties
- rent is recorded according to the terms of the lease
- refinancing fees are expensed for completed projects and capitalized for projects under construction.

2. Capital Assets

	2023			2022		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 5,669,913	\$ -	\$ 5,669,913	\$ 4,848,653	\$ -	\$ 4,848,653
Buildings	44,702,542	1,187,476	43,515,066	36,363,870	1,166,732	35,197,138
Equipment	14,505	7,770	6,735	14,505	4,883	9,622
Furniture and fixtures	46,479	26,943	19,536	46,479	22,059	24,420
Vehicle	65,771	13,635	52,136	65,771	26,637	39,134
	\$ 50,499,210	\$ 1,235,824	\$ 49,263,386	\$ 41,339,278	\$ 1,220,311	\$ 40,118,967