

XYZ73064919 XYZ30957976 Inc.

Date:

4/6/2024

To the Shareholders/Board of Directors of ABC55909398 XYZ82931158 Inc.

Review Engagement Financial Statements

We have audited the accompanying financial statements of [Company Name], which comprise the balance sheet as of [date], and the related statements of income, changes in equity, and cash flows for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [applicable financial reporting framework], and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with [applicable auditing standards], which require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We qualify the treatment of preferred shares. Qualification for the treatment of preference shares is because the recent regulation requires preference shares to be treated as a loan whereas the company has treated this as equity

A handwritten signature in black ink, appearing to read "John Smith". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Smith".

XYZ73064919 XYZ30957976 Inc.
Licenses public Accountants

4/6/2024
Toronto, ON

Combined Statement of Balance Sheets
ABC55909398 XYZ82931158 Inc.

	12/31/2023	12/31/2022
Current Assets		
Cash	\$64,701	\$91,527
Accounts Receivable	\$73,942	\$30,969
Inventory	\$34,030	\$95,938
Prepaid Expenses	\$94,447	\$81,212
Income tax receivable	\$34,100	\$28,525
Restricted Cash	\$15,492	\$60,178
Interest Receivable	\$91,252	\$40,255
Mortgage Receivable	\$8,999	\$25,279
Loans from related parties	\$73,524	\$49,521
Sub Total Current Assets	\$490,487	\$503,404
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$279	\$45,290
Due from Related Parties	\$48,422	\$68,202
Goodwill	\$62,437	\$17,514
Intangible assets	\$40,387	\$36,622
Sub Total Non Current Assets	\$151,525	\$167,628
 Total Assets	 \$642,012	 \$671,032
Current Liabilities		
Bank Indebtedness	\$79,743	\$74,389
Short term debt	\$40,090	\$30,731
Accounts Payable and Accrued Liabilities	\$28,191	\$93,852
Government remittances payable	\$15,281	\$46,276
Sub Total Current Liabilities	\$163,305	\$245,248
Non Current Liabilities		

Obligations under Capital Lease	\$38,905	\$99,927
Due to Shareholders	\$57,262	\$23,403
Due to Directors	\$80,036	\$20,710
Due to Related Parties	\$30,074	\$24,668
Sub Total Non Current Liabilities	\$206,277	\$168,708
Shareholders Equity		
Share Capital	\$90,048	\$53,042
Preference shares	-\$561,046	\$29,429
Retained Earnings	\$743,428	\$204,034
	\$642,012	\$671,032

Combined Statement of Income		Dec 31, 2023	Dec 31, 2022
ABC55909398 XYZ82931158 Inc.			
Income			
Total Sales			
Category 43700		\$2,511,070	\$8,977,420
Category 78793		\$77,401	\$50,164
Total Sales		\$2,588,471	\$9,027,584
Cost of Goods Sold		\$1,475,429	\$7,402,619
Gross Profit		\$1,113,043	\$1,624,965
Expenses			
Selling and recruitment		\$7,220	\$8,680
Sales and Wages		\$3,296	\$4,116
Equipment rentals		\$3,024	\$6,363
Occupancy		\$6,938	\$2,238
Office and General		\$4,685	\$5,645
Interest and bank charges		\$1,992	\$9,049
Software		\$5,194	\$5,522
Vehicle		\$4,694	\$992
Professional fees		\$726	\$6,658
Telecommunications		\$6,953	\$8,602
Utilities		\$3,147	\$3,279
Depreciation		\$9,942	\$1,391
Interest on long term debt		\$5,076	\$686
General and administrative		\$7,061	\$9,636

Loss (gain) on foreign exchange	\$9,117	\$8,442
	\$79,065	\$81,299
Income before other income and income taxes	\$1,033,978	\$1,543,666
Other income	\$6,560	\$1,276
Income before taxes	\$1,027,418	\$1,542,390
Income taxes	\$256,854	\$385,598
Net income	\$770,563	\$1,156,793
Dividends paid	\$231,169	\$347,038

ABC55909398 XYZ82931158 Inc.

Statement of Cashflows

Operating Activities

Net Income		
Adjustment for items which does not affect cash		
Amortization	\$5,194	\$5,522
	\$5,194	\$5,522
Change in non-cash working capital items		
Accounts receivable	\$61,908	-\$95,725
Inventory	-\$13,235	-\$25,020
HST receivable	-\$5,575	\$55,451
Prepaid expenses	\$44,686	\$37,853
Deposits	\$0	\$95,134
Income tax receivable	\$12,917	-\$469,710
Accounts payables	\$37,569	\$147,099
Income tax payable	\$0	-\$36,538
Deposits Received	\$37,006	-\$6,821
Operating Loan	\$5,406	\$7,292
	\$185,876	-\$285,463
Financing Activities		
Repayment of long term loan	0	0
Proceeds of long term debt	\$539,394	0
Dividends Paid	\$6,560	\$1,276
	\$545,954	\$1,276
Investing Activities		
Due to Shareholders	\$0	-\$63,607
Due to Directors	\$0	-\$72,554
Due to Related Parties	\$0	-\$37,146
Due from Related Parties	\$0	\$91,104
Due from Shareholders	\$29,020	-\$632,710

Due from Directors	\$0	\$73,924
	\$29,020	-\$640,989
Increase/ (decrease) in cash	\$760,850	-\$925,176
Cash at beginning of year	\$91,527	\$1,016,703
Cash at end of year	\$852,377	\$91,527

ABC55909398 XYZ82931158 Inc.
Notes to Financial Statements
Year ended:

12/31/2023

Nature of Operations

ABC55909398 XYZ82931158 Inc. is into Steel manufacturing

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

(a) Cash

Cash consists of balances with financial institutions

(b) Inventory

Inventory is measured as lower of cost and net realizable value

(c) Property, plant and equipment

Property plant and equipment are recorded at cost. The company provides for amortization by using the straight line method

2. Cash and bank debt

ABC Bank has provided the Company with committed revolving facility loan which bears a floating interest at ABC Bank's prime rate

The revolving credit facility is secured by general security agreement issued by the company under the common control, representing a first charge on all present and after acquired personal property. The total carrying amount of assets pledged as collateral under the GSA is \$1092112

3. Inventory

	12/31/2023	12/31/2022
finished Goods	\$28,334	\$24,364
Raw Material	\$47,224	\$40,606
Packaging and Labels	\$18,889	\$16,242
	\$94,447	\$81,212

4. Related party balances and transactions

The following table summarizes the amounts due from and to related parties. Related parties are controlled by one or more directors of the Company

(a) Due from related parties

	12/31/2023	12/31/2022
LIJ International Inc	\$46,720	\$34,023
SDA International Inc	\$1,702	\$34,179
	\$48,422	\$68,202

(b) Due from Shareholders

Shareholder 1	\$29,020	-\$32,672
Shareholder 2	\$0	-\$600,038
	\$29,020	-\$632,710

(c) Due from Directors

Director 1	\$0	\$0
Director 2	\$0	\$0
	\$0	\$0

(d) Due to related parties

LIJ International Inc	\$0	\$0
SDA International Inc	\$0	\$0

	\$0	\$0
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(e) Due from Shareholders

Shareholder 1	\$0	\$0
Shareholder 2	\$0	\$0
	\$0	\$0

(f) Due from Directors

Director 1	\$0	\$0
Director 2	\$0	\$0
	\$0	\$0

5. Property, plant and equipment

	Cost	Depreciation	Net Book Value
F&F	\$47,016	\$1,558	\$45,458
L H	\$31,344	\$1,039	\$30,305
Machi	\$31,344	\$1,039	\$30,305
L&B	\$47,016	\$1,558	\$45,458
	\$156,719	\$5,194	\$151,525

6. Long Term Debt

	12/31/2023	12/31/2022
ABC Bank Term Loan payable monthly with interest rate of 5.59%	\$10,315	\$10,315
ABC Bank Term Loan payable monthly with interest rate of 3.18%	\$19,759	\$19,759

These term loans are secured by charge on all assets of the company. We note that the company is in compliance of all financial covenants stipulated by the the lender

7. Share Capital

Issued

Common Shares - shareholder 1	\$27,014	\$15,913
Common Shares - shareholder 2	\$63,034	\$37,129
	\$90,048	\$53,042

9. The entity's ability to continue as a going concern - CoVid 19

It is the management's view that there is not a material uncertainty related to the effect of CoVid 19 that may cast significant doubt on the company's ability to continue as a going concern

10. Commitments

The Company has leased premises under various operating leases at annual base rentals as follows:

Dec 31, 2024	\$7,581
Dec 31, 2025	\$7,960
Dec 31, 2026	\$8,358
Dec 31, 2027	\$8,776
	\$32,675

10. Financial Instruments

(a) Foreign exchange risk

Company is exposed to foreign exchange risk in US Dollars.

(b) Currency Risk

Company is exposed to currency risk baed on Canadian Dollar's fluctionatiom with US Dollars

(c) Credit Risk

No change in Credit Risk versus prior year. We do note an one of the key customers - DFD Ltd.- who has filed for Bankruptcy