

XYZ33335400 XYZ52108899 Inc.

Date:

Apr 19, 2023

To the Shareholders/Board of Directors of ABC92081871 XYZ72387210 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

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC92081871 XYZ72387210 Inc. and the results of its operations and its cash flows for the year then ended in accordance with applicable financial reporting framework.

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".

XYZ33335400 XYZ52108899 Inc.
Licenses public Accountants

Apr 19, 2023
Toronto, ON

Combined Statement of Balance Sheets		
ABC92081871 XYZ72387210 Inc.	31-Dec-2023	31-Dec-2022
Current Assets		
Cash and Cash Equivalents	\$1,869	\$63,806
Term Deposits	\$59,349	\$26,193
Accounts Receivable	\$23,714	\$13,805
Inventory	\$69,372	\$65,766
Harminized Sales Tax Receivable	\$54,928	\$96,665
Prepaid Expenses	\$33,424	\$26,947
Deposits	\$19,139	\$47,129
Marketable Securities	\$13,427	\$94,093
Investments	\$11,169	\$15,131
Income tax receivable	\$47,905	\$85,059
Restricted Cash	\$40,558	\$54,529
Interest Receivable	\$42,462	\$73,230
Mortgage Receivable	\$85,251	\$39,991
Dividends Receivable from join venture investments	\$89,769	\$14,297
Loans from related parties	\$75,274	\$14,925
	\$667,610	\$731,566
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$51,681	\$77,383
Due from Related Parties	\$36,500	\$80,119
Due from Shareholders	\$61,503	\$12,660
Due from Directors	\$20,651	\$42,018
Deposits	\$37,455	\$25,961
Investments	\$94,533	\$36,156
Cash surrender value of Life Insurance	\$52,946	\$78,244
Goodwill	\$13,310	\$71,432
Intangible assets	\$12,793	\$96,267
	\$381,372	\$520,240

	\$1,048,982	\$1,251,806
Current Liabilities		
Bank Indebtedness	\$30,984	\$35,637
Short term debt	\$67,445	\$89,549
Accounts Payable and Accrued Liabilities	\$82,434	\$46,647
Income tax payable	\$89,756	\$30,494
Deposits received	\$45,799	\$52,556
Current portion of long term debt	\$18,169	\$39,859
Current portion of obligations under capital lease	\$86,809	\$60,405
Government remittances payable	\$8,553	\$52,562
	\$429,949	\$407,709
Non Current Liabilities		
Deferred income	\$41,357	\$97,461
Government Loan	\$7,254	\$45,704
Long Term Debt	\$81,334	\$58,578
Obligations under Capital Lease	\$95,524	\$77,242
Due to Shareholders	\$54,770	\$49,347
Due to Directors	\$86,008	\$20,401
Due to Related Parties	\$24,832	\$52,156
	\$391,079	\$400,889
Shareholders Equity		
Share Capital	\$40,189	\$41,943
Preference shares	-\$175,409	\$78,253
Retained Earnings	\$363,174	\$401,265
	\$1,048,982	\$1,330,059

Combined Statement of Income

31-Dec-2023

31-Dec-2022

ABC92081871 XYZ72387210 Inc.

Income

Category 37264	\$5,270	\$7,551,450
Category 31752.	\$21,542	\$18,629
Total Sales	\$26,812	\$7,570,079
Cost of Sales	\$15,014	\$6,813,071
Gross Profit	\$11,797	\$757,008

Expenses

Selling and recruitment	\$5,384	\$907
Sales and Wages	\$7,186	\$9,886
Equipment rentals	\$7,412	\$3,495
Occupancy	\$7,595	\$6,418
Office and General	\$1,328	\$1,662
Interest and bank charges	\$2,283	\$9,317
Software	\$1,502	\$8,285
Vehicle	\$3,792	\$2,258
Professional fees	\$9,183	\$1,065
Depreciation	\$4,583	\$5,663
Interest on long term debt	\$90	\$4,524
General and administrative	\$3,506	\$9,999
Loss (gain) on foreign exchange	\$5,299	\$1,541
	\$59,143	\$65,020
Income before other income and income taxes	-\$47,346	\$691,988

Govt grant	\$3,499	\$2,360
Gains (losses) through sale of property	-\$9,255	-\$7,672
Foreign exchange gains (losses)	\$11,838	-\$10,788
Income before taxes	-\$38,091	\$699,660
Income taxes	\$0	\$174,915
Net income	-\$38,091	\$524,745
Dividends paid	0	\$157,423

ABC92081871 XYZ72387210 Inc.

Statement of Cashflows

	31-Dec-2023	31-Dec-2022
Operating Activities		
Net Income	-\$38,091	\$524,745
Adjustment for items which does not affect cash		
Amortization	\$4,583	\$5,663
	-\$33,508	\$530,408
Change in non-cash working capital items		
Accounts receivable	-\$9,909	\$74,242
Inventory	-\$3,606	-\$14,629
HST receivable	\$41,737	-\$7,493
Prepaid expenses	-\$6,477	-\$18,834
Deposits	\$27,990	\$44,771
Income tax receivable	\$37,154	\$9,698
Accounts payables	\$35,787	-\$7,677
Income tax payable	\$59,262	\$15,194
Deposits Received	-\$6,757	-\$680
Operating Loan	-\$22,104	\$43,895
	\$119,569	\$668,895
Financing Activities		
Repayment of long term loan	\$0	-\$50,210
Proceeds of long term debt	\$22,756	\$54,076
Purchase of new Property Plant and Equipment	\$0	-\$73,760
Proceeds from sale of PP&E	\$21,119	\$0

Dividends Paid	0	\$157,423
	\$43,875	\$87,529
Investing Activities		
Due to Shareholders	\$5,423	\$45,131
Due to Directors	\$65,607	\$14,706
Due to Related Parties	-\$27,324	\$42,203
Due from Related Parties	\$43,619	-\$76,127
Due from Shareholders	-\$48,843	-\$7,475
Due from Directors	\$21,367	-\$32,321
	\$59,849	-\$13,883
Increase/ (decrease) in cash	\$223,293	\$742,541
Cash at beginning of year	\$63,806	-\$678,735
Cash at end of year	\$287,099	\$63,806

ABC92081871 XYZ72387210 Inc.

Notes to Financial Statements

Year ended:

Jan 31, 2023

Nature of Operations

ABC92081871 XYZ72387210 Inc. is into Furniture retailing

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

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 \$592,336

3. Inventory	31-Dec-2023	31-Dec-2022
finished Goods	\$32,848	\$28,575
Raw Material	\$33,541	\$27,260
Packaging and Labels	\$2,983	\$9,931
	\$69,372	\$65,766

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	31-Dec-2023	31-Dec-2022
JEO International Inc	\$16,936	\$38,016
ERW International Inc	\$19,564	\$42,103
	\$36,500	\$80,119
(b) Due from Shareholders	Jan 31 2023	Jan 31 2022
Shareholder 1	\$26,323	\$5,697
Shareholder 2	\$35,180	\$6,963
	\$61,503	\$12,660
(c) Due from Directors		
Director 1	\$8,963	\$19,790
Director 2	\$11,688	\$22,228

		\$20,651	\$42,018
(d) Due to related parties	31-Dec-2023	31-Dec-2022	
JEO International Inc	\$66,867	\$54,069	
ERW International Inc	\$28,657	\$23,173	
	\$95,524	\$77,242	
(e) Due from Shareholders	31-Dec-2023	31-Dec-2022	
Shareholder 1	\$5,078	\$31,993	
Shareholder 2	\$2,176	\$13,711	
	\$7,254	\$45,704	
(f) Due from Directors			
Director 1	\$8,694	\$17,101	
Director 2	\$11,957	\$24,917	
	\$20,651	\$42,018	

5. Property, plant and equipment

			31-Dec-2023
	Cost	Depreciation	Net Book Value
F&F	\$16,879	\$1,375	\$15,504
L H	\$11,253	\$917	\$10,336
Machi	\$11,253	\$917	\$10,336
L&B	\$16,879	\$1,375	\$15,504
	\$56,264	\$4,583	\$51,681

6. Long Term Debt	31-Dec-2023	31-Dec-2022
	2023	2022
ABC Bank Term Loan payable monthly with interest rate of 6.28%	\$34,130	\$33,764
ABC Bank Term Loan payable monthly with interest rate of 0.04%	\$65,373	\$64,673

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	31-Dec-2023	31-Dec-2022
Issued		
Common Shares - shareholder 1	\$17,181	\$19,671
Common Shares - shareholder 2	\$23,008	\$22,272
	\$40,189	\$41,943

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:

Feb 1, 2024	\$7,975
Jan 31, 2025	\$8,373
Jan 31, 2026	\$8,792
Jan 31, 2027	\$9,232
	\$34,372

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 fluctuation 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