

XYZ29355163 XYZ13375463 Inc.

Date:

4/6/2024

To the Shareholders/Board of Directors of ABC55563242 XYZ86782455 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".

XYZ29355163 XYZ13375463 Inc.
Licenses public Accountants

4/6/2024
Toronto, ON

Combined Statement of Balance Sheets
ABC55563242 XYZ86782455 Inc.

Current Assets	12/31/2023	12/31/2022
Cash (Note 2)	\$41,280	\$45,364
Accounts Receivable (Note 4)	\$29,769	\$26,625
Inventory (Note 3)	\$16,046	\$22,139
Prepaid Expenses	\$24,275	\$13,078
Income tax receivable	\$13,921	\$93,101
Restricted Cash	\$70,560	\$99,799
Interest Receivable	\$73,442	\$80,199
Mortgage Receivable	\$55,083	\$12,840
Loans from related parties	\$3,279	\$40,454
Sub Total Current Assets	\$327,655	\$433,599
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation) (\$4,006	\$89,088
Due from Related Parties (Schedule 4)	\$67,619	\$76,827
Goodwill	\$74,375	\$20,601
Intangible assets	\$53,985	\$28,222
Sub Total Non Current Assets	\$199,985	\$214,738
Total Assets	\$527,640	\$648,337
Current Liabilities		
Bank Indebtedness	\$31,347	\$53,474
Short term debt - Note 6	\$79,367	\$7,160
Accounts Payable and Accrued Liabilities	\$8,762	\$47,982
Government remittances payable	\$67,754	\$43,739
Sub Total Current Liabilities	\$187,230	\$152,355
Non Current Liabilities		

Obligations under Capital Lease	\$71,410	\$76,622
Due to Shareholders	\$46,828	\$99,679
Due to Directors	\$94,505	\$77,099
Due to Related Parties	\$18,232	\$33,353
Sub Total Non Current Liabilities	\$230,975	\$286,753
Shareholders Equity		
Share Capital .. Schedule 7	\$91,651	\$96,436
Preference shares	-\$1,063,722	\$79,776
Retained Earnings	\$1,081,506	\$112,793
	\$527,640	\$648,337

Combined Statement of Income		Dec 31, 2023	Dec 31, 2022
ABC55563242 XYZ86782455 Inc.			
Income			
Total Sales			
Category 56518		\$3,279,420	\$5,788,280
Category 81793		\$49,330	\$66,447
Total Sales (Note 1)		\$3,328,750	\$5,854,727
Cost of Goods Sold		\$1,398,075	\$4,683,782
Gross Profit		\$1,930,675	\$1,170,945
Expenses			
Selling and recruitment		\$7,157	\$5,320
Sales and Wages		\$4,993	\$2,446
Equipment rentals		\$1,969	\$8,621
Occupancy		\$6,827	\$6,450
Office and General		\$5,843	\$1,072
Interest and bank charges		\$8,339	\$240
Software		\$2,252	\$6,725
Vehicle		\$7,614	\$440
Professional fees		\$4,474	\$2,705
Telecommunications		\$7,715	\$8,265
Utilities (Schedule 10)		\$8,694	\$3,117
Depreciation		\$2,776	\$2,960
Interest on long term debt		\$5,868	\$2,940
General and administrative		\$564	\$5,019

Loss (gain) on foreign exchange	\$6,304	\$341
	\$81,389	\$56,661
Income before other income and income taxes	\$1,849,286	\$1,114,284
Other income	\$4,119	\$5,278
Income before taxes	\$1,845,167	\$1,109,006
Income taxes	\$461,292	\$277,252
Net income	\$1,383,875	\$831,755
Dividends paid	\$415,163	\$249,526

ABC55563242 XYZ86782455 Inc.
Statement of Cashflows

Operating Activities

Net Income		
Adjustment for items which does not affect cash		
Amortization	\$2,252	\$6,725
	\$2,252	\$6,725
Change in non-cash working capital items		
Accounts receivable (note 4)	\$6,093	\$16,748
Inventory (Note 3)	-\$11,197	\$46,896
HST receivable	\$79,180	-\$20,887
Prepaid expenses	\$29,239	-\$96,887
Deposits	\$0	\$84,024
Income tax receivable	\$105,944	-\$390,914
Accounts payables	-\$55,778	\$269,334
Income tax payable	\$0	-\$16,970
Deposits Received	-\$4,785	\$32,571
Operating Loan	-\$15,121	\$9,100
	\$135,827	-\$60,260
Financing Activities		
Repayment of long term loan	0	\$112,793
Proceeds of long term debt (Note 6)	\$968,713	0
Dividends Paid	\$4,119	\$5,278
	\$972,832	\$118,071
Investing Activities		
Due to Shareholders	\$0	-\$93,692
Due to Directors (Schedule 9)	\$0	-\$12,948
Due to Related Parties	\$0	-\$61,892
Due from Related Parties	\$0	\$48,744
Due from Shareholders	\$120,697	-\$549,903

Due from Directors (Schedule 10)	\$0	\$50,774
	\$120,697	-\$618,917
Increase/ (decrease) in cash	\$1,229,356	-\$561,106
Cash at beginning of year	\$45,364	\$606,470
Cash at end of year	\$1,274,720	\$45,364

ABC55563242 XYZ86782455 Inc.
Notes to Financial Statements
Year ended:

12/31/2023

Nature of Operations

ABC55563242 XYZ86782455 Inc. is into Real Estate Development

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

HFT BANK has provided the Company with committed revolving facility loan which bears a floating interest at HFT 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 \$801310

3. Inventory

	12/31/2023	12/31/2022
finished Goods	\$7,283	\$3,923
Raw Material	\$12,138	\$6,539
Packaging and Labels	\$4,855	\$2,616
	\$24,275	\$13,078

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
SAS International Inc	\$0	\$13,854
SDA International Inc	\$0	\$34,890
	\$0	\$48,744

(b) Due from Shareholders

Shareholder 1	\$120,697	-\$246,608
Shareholder 2	\$0	-\$303,295
	\$120,697	-\$549,903

(c) Due from Directors

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

(d) Due to related parties

SAS 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	\$60,671	\$676	\$59,996
L H	\$40,447	\$450	\$39,997
Machi	\$40,447	\$450	\$39,997
L&B	\$60,671	\$676	\$59,996
	\$202,237	\$2,252	\$199,985

6. Long Term Debt

	12/31/2023	12/31/2022
HFT BANK Term Loan payable monthly with interest rate of 4.37%	\$6,254	\$6,254
HFT BANK Term Loan payable monthly with interest rate of 3.83%	\$11,978	\$11,978

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	#N/A	#N/A
Common Shares - shareholder 2	#N/A	#N/A
	#N/A	#N/A

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	\$7,515
Dec 31, 2025	\$7,891
Dec 31, 2026	\$8,285
Dec 31, 2027	\$8,699
	\$32,390

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