

XYZ86590504 XYZ20311652 Inc.  
To the Shareholders/Board of Directors of ABC8464929 XYZ22669519 Inc.

Date:

Apr 19, 2023

### **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 ABC8464929 XYZ22669519 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".

XYZ86590504 XYZ20311652 Inc.  
Licenses public Accountants

Apr 19, 2023  
Toronto, ON

Combined Statement of Balance Sheets		
ABC8464929 XYZ22669519 Inc.	31-Dec-2023	31-Dec-2022
Current Assets		
Cash and Cash Equivalents	\$23,901	\$85,659
Term Deposits	\$39,295	\$68,480
Accounts Receivable	\$44,479	\$27,336
Inventory	\$39,612	\$96,400
Harminized Sales Tax Receivable	\$70,543	\$51,965
Prepaid Expenses	\$48,905	\$23,517
Deposits	\$57,075	\$68,049
Marketable Securities	\$48,356	\$75,364
Investments	\$84,143	\$58,850
Income tax receivable	\$35,141	\$14,858
Restricted Cash	\$1,627	\$75,578
Interest Receivable	\$16,164	\$96,531
Mortgage Receivable	\$64,942	\$49,394
Dividends Receivable from join venture investments	\$30,261	\$73,496
Loans from related parties	\$4,654	\$21,000
	\$609,098	\$886,477
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$16,409	\$6,989
Due from Related Parties	\$5,380	\$96,560
Due from Shareholders	\$36,158	\$9,515
Due from Directors	\$22,721	\$6,797
Deposits	\$36,668	\$5,791
Investments	\$72,226	\$84,438
Cash surrender value of Life Insurance	\$59,059	\$97,301
Goodwill	\$17,572	\$89,136
Intangible assets	\$50,006	\$64,045
	\$316,199	\$460,572

	\$925,297	\$1,347,049
Current Liabilities		
Bank Indebtedness	\$99,587	\$13,209
Short term debt	\$5,957	\$25,266
Accounts Payable and Accrued Liabilities	\$109	\$51,921
Income tax payable	\$97,910	\$2,865
Deposits received	\$3,247	\$91,966
Current portion of long term debt	\$98,654	\$71,878
Current portion of obligations under capital lease	\$50,418	\$8,251
Government remittances payable	\$8,642	\$91,246
	\$364,524	\$356,602
Non Current Liabilities		
Deferred income	\$82,414	\$655
Government Loan	\$11,492	\$4,618
Long Term Debt	\$26,318	\$16,787
Obligations under Capital Lease	\$75,661	\$32,144
Due to Shareholders	\$70,437	\$88,863
Due to Directors	\$20,379	\$57,292
Due to Related Parties	\$59,363	\$99,131
	\$346,064	\$299,490
Shareholders Equity		
Share Capital	\$91,905	\$2,017
Preference shares	-\$2,730,796	\$68,319
Retained Earnings	\$2,853,600	\$688,940
	\$925,297	\$1,415,368

Combined Statement of Income		31-Dec-2023	31-Dec-2022
ABC8464929 XYZ22669519 Inc.			
Income			
Category 9336		\$6,925,350	\$2,364,080
Category 74986		\$73,177	\$78,231
Total Sales		\$6,998,527	\$2,442,311
Cost of Sales		\$2,799,411	\$2,149,234
Gross Profit		\$4,199,116	\$293,077
Expenses			
Selling and recruitment		\$7,799	\$2,332
Sales and Wages		\$7,679	\$3,575
Equipment rentals		\$7,659	\$8,103
Occupancy		\$2,969	\$5,993
Office and General		\$6,799	\$9,614
Interest and bank charges		\$3,551	\$4,636
Software		\$8,075	\$2,730
Vehicle		\$3,232	\$7,015
Professional fees		\$2,457	\$7,232
Depreciation		\$1,976	\$4,675
Interest on long term debt		\$7,173	\$4,432
General and administrative		\$6,689	\$4,474
Loss (gain) on foreign exchange		\$5,543	\$7,059
		\$71,601	\$71,870
Income before other income and income taxes		\$4,127,515	\$221,207

Govt grant	\$1,167	\$3,655
Gains (losses) through sale of property	\$4,354	\$0
Foreign exchange gains (losses)	\$4,720	\$2,774
Income before taxes	\$4,123,161	\$221,207
Income taxes	\$1,030,790	\$55,302
Net income	\$3,092,371	\$165,905
Dividends paid	\$927,711	\$49,772

ABC8464929 XYZ22669519 Inc.

Statement of Cashflows

	31-Dec-2023	31-Dec-2022
Operating Activities		
Net Income	\$3,092,371	\$165,905
Adjustment for items which does not affect cash		
Amortization	\$1,976	\$4,675
	\$3,094,347	\$170,580
Change in non-cash working capital items		
Accounts receivable	-\$17,143	\$66,387
Inventory	\$56,788	\$3,532
HST receivable	-\$18,578	-\$524
Prepaid expenses	-\$25,388	\$71,463
Deposits	\$10,974	\$55,645
Income tax receivable	-\$20,283	\$59,796
Accounts payables	-\$51,812	\$48,310
Income tax payable	\$95,045	-\$71,845
Deposits Received	-\$88,719	\$70,349
Operating Loan	-\$19,309	-\$21,586
	\$3,015,922	\$452,107
Financing Activities		
Repayment of long term loan	\$0	-\$10,951
Proceeds of long term debt	\$9,531	\$0
Purchase of new Property Plant and Equipment	-\$11,396	\$0
Proceeds from sale of PP&E	\$0	\$4,603

Dividends Paid	\$927,711	\$49,772
	\$925,846	\$43,424
Investing Activities		
Due to Shareholders	-\$18,426	\$79,595
Due to Directors	-\$36,913	\$50,091
Due to Related Parties	-\$39,768	\$93,170
Due from Related Parties	\$91,180	-\$92,512
Due from Shareholders	-\$26,643	-\$258
Due from Directors	-\$15,924	-\$4,957
	-\$46,494	\$125,129
Increase/ (decrease) in cash	\$3,895,274	\$620,660
Cash at beginning of year	\$85,659	-\$535,001
Cash at end of year	\$3,980,933	\$85,659



ABC8464929 XYZ22669519 Inc.

Notes to Financial Statements

Year ended:

Jan 31, 2023

Nature of Operations

ABC8464929 XYZ22669519 Inc. is into e-commerce

### **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**

LIJ FINANCIAL has provided the Company with committed revolving facility loan which bears a floating interest at LIJ FINANCIAL'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 \$604,444

<b>3. Inventory</b>	31-Dec-2023	31-Dec-2022
finished Goods	\$19,529	\$43,814
Raw Material	\$15,944	\$45,645
Packaging and Labels	\$4,139	\$6,941
	\$39,612	\$96,400

#### **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
SAS International Inc	\$2,281	\$39,638
FET International Inc	\$3,099	\$56,922
	\$5,380	\$96,560
 (b) Due from Shareholders	 Jan 31	 Jan 31
	2023	2022
Shareholder 1	\$16,651	\$3,868
Shareholder 2	\$19,507	\$5,647
	\$36,158	\$9,515
 (c) Due from Directors		
Director 1	\$10,497	\$3,103
Director 2	\$12,224	\$3,694

	\$22,721	\$6,797
(d) Due to related parties	31-Dec-2023	31-Dec-2022
SAS International Inc	\$52,963	\$22,501
FET International Inc	\$22,698	\$9,643
	\$75,661	\$32,144
(e) Due from Shareholders	31-Dec-2023	31-Dec-2022
Shareholder 1	\$8,044	\$3,233
Shareholder 2	\$3,448	\$1,385
	\$11,492	\$4,618
(f) Due from Directors		
Director 1	\$10,883	\$3,137
Director 2	\$11,838	\$3,660
	\$22,721	\$6,797

#### 5. Property, plant and equipment

	31-Dec-2023		
	Cost	Depreciation	Net Book Value
F&F	\$5,516	\$593	\$4,923
L H	\$3,677	\$395	\$3,282
Machi	\$3,677	\$395	\$3,282
L&B	\$5,516	\$593	\$4,923
	\$18,385	\$1,976	\$16,409

<b>6. Long Term Debt</b>	31-Dec-2023	31-Dec-2022
	2023	2022
LIJ FINANCIAL Term Loan payable monthly with interest rate of 4.3%	\$42,865	\$30,412
LIJ FINANCIAL Term Loan payable monthly with interest rate of 8.28%	\$82,107	\$58,253

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

<b>7. Share Capital</b>	31-Dec-2023	31-Dec-2022
<b>Issued</b>		
Common Shares - shareholder 1	\$41,127	\$987
Common Shares - shareholder 2	\$50,778	\$1,030
	\$91,905	\$2,017

#### **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	\$3,117
Jan 31, 2025	\$3,273
Jan 31, 2026	\$3,437
Jan 31, 2027	\$3,609
	\$13,437

## **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