

XYZ85090719 XYZ10474344 Inc.

Date:

7-May-2024

To the Shareholders/Board of Directors of ABC24136923 XYZ89226142 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 ABC24136923 XYZ89226142 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".

XYZ85090719 XYZ10474344 Inc.
Licenses public Accountants

7-May-2024
Toronto, ON

Combined Statement of Balance Sheets
ABC24136923 XYZ89226142 Inc.

Current Assets	31-Jan-2024	31-Jan-2023
Cash	\$79,997	\$93,480
Term Deposits	\$13,628	\$37,087
Inventory	\$84,326	\$6,297
Accounts Receivable	\$43,844	\$96,224
Harminized Sales Tax Receivable	\$10,603	\$85,661
Prepaid Expenses	\$60,110	\$62,614
Deposits	\$91,915	\$16,477
Marketable Securities	\$59,139	\$52,038
Investments	\$10,234	\$60,997
Income tax receivable	\$89,528	\$81,619
Restricted Cash	\$71,902	\$6,402
Interest Receivable	\$30,011	\$679
Loans from related parties	\$42,230	\$18,159
	\$687,467	\$617,734
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$24,527	\$28,555
Due from Shareholders	\$60,567	\$74,958
Due from Related Parties	\$55,371	\$7,680
Due from Directors	\$24,250	\$49,308
Deposits	\$4,942	\$3,178
Investments	\$56,614	\$9,708
Goodwill	\$32,526	\$54,596
Intangible assets	\$82,524	\$34,642
	\$341,321	\$262,625
	\$1,028,788	\$880,359

Current Liabilities

Bank Indebtedness	\$57,797	\$18,638
Short term debt	\$4,543	\$4,135
Accounts Payable and Accrued Liabilities	\$57,141	\$25,682
Income tax payable	\$12,662	\$57,325
Deposits received	\$36,429	\$32,689
Current portion of long term debt	\$67,720	\$39,121
Current portion of obligations under capital lease	\$42,972	\$57,778
Government remittances payable	\$62,386	\$23,184
	\$341,650	\$258,552

Non Current Liabilities

Deferred income	\$69,622	\$47,954
Government Loan	\$98,651	\$9,129
Long Term Debt	\$90,711	\$32,404
Obligations under Capital Lease	\$86,976	\$64,795
Due to Directors	\$76,939	\$11,037
Due to Shareholders	\$53,662	\$38,908
Due to Related Parties	\$10,153	\$54,040
	\$486,714	\$258,267

Shareholders Equity

Share Capital	\$35,200	\$36,799
Preferred shares	-\$3,100,026	0
Retained Earnings	\$3,265,250	\$326,741
	\$1,028,788	\$880,359

Combined Statement of Income		31-Jan-2024	31-Jan-2023
ABC24136923 XYZ89226142 Inc.			
Income			
Total Sales			
Category 87857		\$9,555,650	\$1,802,840
Category 39168		\$78,570	\$8,503
Total Sales		\$9,634,220	\$1,811,343
Cost of Sales		\$3,950,030	\$1,630,209
Gross Profit		\$5,684,190	\$181,134
Expenses			
Selling and recruitment		\$3,714	\$957
Sales and Wages		\$8,963	\$9,355
Equipment rentals		\$3,307	\$2,068
Occupancy		\$6,389	\$1,530
Office and General		\$911	\$7,533
Interest and bank charges		\$1,356	\$2,785
Software		\$4,607	\$8,550
Vehicle		\$9,756	\$9,412
Professional fees		\$2,907	\$7,021
Telecommunications		\$9,786	\$9,143
Utilities		\$3,698	\$5,476
Repairs and maintenance		\$9,181	\$8,368
Depreciation		\$1,722	\$4,320
Interest on long term debt		\$8,093	\$1,489
General and administrative		\$3,220	\$9,736
Loss (gain) on foreign exchange		\$4,417	\$6,752
		\$82,027	\$94,495

Income before other income and income taxes	\$5,602,162.62	\$86,639.29
Other income	\$5,002	\$1,476
Income before taxes	\$5,597,161	\$85,163
Income taxes	\$1,399,290	\$21,291
Net income	\$4,197,870	\$63,872
Dividends paid	\$1,259,361	\$19,162

ABC24136923 XYZ89226142 Inc.

Statement of Cashflows

31-Jan-2024

31-Jan-2023

Operating Activities

Net Income

\$4,197,870

\$63,872

Adjustment for items which does not affect cash

Depreciation

\$1,722

\$4,320

\$4,199,592

\$68,192

Change in non-cash working capital items

Accounts receivable

-\$52,380

\$88,529

Inventory

\$78,029

-\$95

Harminized Sales Tax Receivable

-\$75,058

\$76,559

Prepaid expenses

-\$2,504

\$62,564

Deposits

\$75,438

\$12,190

Income tax receivable

\$7,909

\$78,972

Accounts Payable and Accrued Liabilities

\$31,459

\$17,367

Income tax payable

-\$44,663

\$51,883

Deposits Received

\$3,740

\$24,592

Short Term Debt

\$408

\$3,812

\$4,221,970

\$484,565

Financing Activities

Repayment of long term loan

0

-\$31,327

Proceeds of long term debt

\$58,307

0

Purchase of new Property Plant and Equipment

\$0

\$0

Proceeds from sale of PP&E

\$2,306

\$19,557

Dividends Paid

-\$1,259,361

-\$19,162

-\$1,198,748

-\$30,932

Investing Activities

Due to Shareholders	\$14,754	\$34,341
Due to Directors	\$65,902	\$10,231
Due to Related Parties	-\$43,887	\$52,841
Due from Related Parties	-\$47,691	-\$1,005
Due from Shareholders	\$14,391	-\$70,159
Due from Directors	\$25,058	-\$41,098
	\$28,527	-\$14,849
Increase/ (decrease) in cash	\$3,051,749	\$438,785
Cash at beginning of year	\$93,480	-\$345,305
Cash at end of year	\$3,145,229	\$93,480

ABC24136923 XYZ89226142 Inc.

Notes to Financial Statements

Year ended:

31-Jan-2024

Nature of Operations

ABC24136923 XYZ89226142 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

JEO FINANCIAL has provided the Company with committed revolving facility loan which bears a floating interest at JEO FINANCIAL'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 \$1374934

3. Inventory

	31-Jan-2024	31-Jan-2023
finished Goods	\$39,296	\$2,774
Raw Material	\$40,224	\$2,865
Packaging and Labels	\$4,807	\$658
	\$84,326	\$6,297

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

	1/31/2024	1/31/2023
JEO International Inc	\$23,533	\$3,552
SAS International Inc	\$31,838	\$4,128
	\$55,371	\$7,680

(b) Due from Shareholders

	1/31/2024	1/31/2023
Shareholder 1	\$24,802	\$34,406
Shareholder 2	\$35,765	\$40,552
	\$60,567	\$74,958

(c) Due from Directors

Director 1	\$12,004	\$22,632
Director 2	\$12,246	\$26,676
	\$24,250	\$49,308

(d) Due to related parties	1/31/2024	1/31/2023
JEO International Inc	\$4,127	\$21,832
SAS International Inc	\$6,026	\$32,208
	\$10,153	\$54,040
(e) Due to Shareholders	1/31/2024	1/31/2023
Shareholder 1	\$26,536	\$18,929
Shareholder 2	\$27,126	\$19,979
	\$53,662	\$38,908
(f) Due to Directors	1/31/2024	1/31/2023
Director 1	\$35,007	\$4,790
Director 2	\$41,932	\$6,247
	\$76,939	\$11,037

5. Property, plant and equipment

	31-Jan-2024		
	Cost	Depreciation	Net Book Value
F&F	\$7,875	\$517	\$7,358
L H	\$5,250	\$344	\$4,905
Machi	\$5,250	\$344	\$4,905
L&B	\$7,875	\$517	\$7,358
	\$26,249	\$1,722	\$24,527

6. Long Term Debt

31-Jan-2024	31-Jan-2023
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JEO FINANCIAL Term Loan payable monthly with interest rate of 5.59%	\$54,342	\$24,533
JEO FINANCIAL Term Loan payable monthly with interest rate of 0.84%	\$104,089	\$46,992
	\$158,431	\$71,525

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	31-Jan-2024	31-Jan-2023
Common Shares - shareholder 1	\$16,861	\$16,155
Common Shares - shareholder 2	\$18,339	\$20,644
	\$35,200	\$36,799

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:

Jan 31, 2025	\$6,708
Jan 31, 2026	\$7,044
Jan 31, 2027	\$7,396
Jan 31, 2028	\$7,766
	\$28,914

10. Financial Instruments

(a) Foreign exchange risk

Company is exposed to foreign exchange risk in US Dollars and Euros owing to their sale and purchase of goods from the United States and various countries in Europe.

(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