

XYZ43244005 XYZ27635404 Inc.
To the Shareholders/Board of Directors of ABC25788074 XYZ54410147 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 ABC25788074 XYZ54410147 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".

XYZ43244005 XYZ27635404 Inc.
Licenses public Accountants

Apr 19, 2023
Toronto, ON

Combined Statement of Balance Sheets

ABC25788074 XYZ54410147 Inc.

	Jan 31	Jan 31
	2023	2022
Current Assets		
Cash and Cash Equivalents	\$84,854	\$88,909
Term Deposits	\$95,868	\$31,912
Accounts Receivable	\$11,618	\$98,261
Inventory	\$71,790	\$39,322
Harminized Sales Tax Receivable	\$78,267	\$69,113
Prepaid Expenses	\$86,553	\$49,547
Deposits	\$87,459	\$54,346
Marketable Securities	\$21,172	\$13,869
Investments	\$64,451	\$190
Income tax receivable	\$96,131	\$93,226
Restricted Cash	\$89,059	\$70,640
Interest Receivable	\$16,383	\$88,964
Mortgage Receivable	\$52,219	\$15,826
Dividends Receivable from join venture investments	\$69,862	\$89,729
Loans from related parties	\$58,720	\$98,732
	\$984,406	\$902,586
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$86,618	\$74,416
Due from Related Parties	\$27,098	\$82,067
Due from Shareholders	\$92,962	\$31,909
Due from Directors	\$31,790	\$76,291
Deposits	\$6,551	\$50,525
Investments	\$78,403	\$45,102
Cash surrender value of Life Insurance	\$82,706	\$34,620
Goodwill	\$86,142	\$53,698
Intangible assets	\$22,031	\$57,731
	\$514,301	\$506,359

	\$1,498,707	\$1,408,945
Current Liabilities		
Bank Indebtedness	\$62,280	\$38,809
Short term debt	\$19,848	\$17,820
Accounts Payable and Accrued Liabilities	\$10,102	\$36,006
Income tax payable	\$59,617	\$33,484
Deposits received	\$80,745	\$69,650
Current portion of long term debt	\$1,137	\$13,818
Current portion of obligations under capital lease	\$60,168	\$51,028
Government remittances payable	\$93,847	\$94,527
	\$387,744	\$355,142
Non Current Liabilities		
Deferred income	\$37,898	\$79,571
Government Loan	\$51,092	\$70,944
Long Term Debt	\$25,737	\$4,923
Obligations under Capital Lease	\$75,162	\$49,453
Due to Shareholders	\$34,592	\$74,484
Due to Directors	\$92,161	\$79,416
Due to Related Parties	\$58,010	\$40,019
	\$374,652	\$398,810
Shareholders Equity		
Share Capital	\$31,534	\$50,261
Preference shares	-\$86,546	\$51,785
Retained Earnings	\$791,323	\$604,732
	\$1,498,707	\$1,460,730

Combined Statement of Income		Jan 31	Jan 31
		2023	2022
ABC25788074 XYZ54410147 Inc.			
Income			
Total Sales			
Category 6034	\$989,790.00	\$2,111,080.00	
Category 70448	\$18,220.40	\$68,059.20	
Total Sales	\$1,008,010.40	\$2,179,139.20	
Cost of Sales	\$584,646.03	\$1,961,225.28	
Gross Profit	\$423,364.37	\$217,913.92	
Expenses			
Selling and recruitment	\$5,084	\$5,412	
Sales and Wages	\$1,775	\$4,503	
Equipment rentals	\$1,903	\$7,229	
Occupancy	\$3,956	\$583	
Office and General	\$5,182	\$4,493	
Interest and bank charges	\$1,865	\$6,268	
Software	\$7,737	\$6,474	
Vehicle	\$7,854	\$7,186	
Professional fees	\$2,777	\$8,721	
Depreciation	\$9,948	\$9,644	
Interest on long term debt	\$4,152	\$7,261	
General and administrative	\$7,479	\$8,685	
Loss (gain) on foreign exchange	\$7,104	\$8,812	
	\$66,816	\$85,271	
Income before other income and income taxes	\$356,548.37	\$132,642.92	

Other income	\$1,136	\$4,379
Income before taxes	\$355,412	\$128,264
Income taxes	\$88,853	\$32,066
Net income	\$266,559	\$96,198
Dividends paid	\$79,968	\$28,859

ABC25788074 XYZ54410147 Inc.

Statement of Cashflows

	Jan 31	Jan 31
	2023	2022
Operating Activities		
Net Income	\$266,559	\$96,198
Adjustment for items which does not affect cash		
Amortization	\$9,948	\$9,644
	\$276,507	\$105,842
Change in non-cash working capital items		
Accounts receivable	\$86,643	-\$93,411
Inventory	-\$32,468	\$37,763
HST receivable	-\$9,154	\$6,388
Prepaid expenses	-\$37,006	-\$8,504
Deposits	-\$33,113	\$11,555
Income tax receivable	-\$2,905	-\$62,335
Accounts payables	-\$25,904	-\$54,766
Income tax payable	\$26,133	-\$52,052
Deposits Received	\$11,095	-\$17,992
Operating Loan	\$2,028	-\$48,833
	\$261,856	-\$176,345
Financing Activities		
Repayment of long term loan	\$0	\$0
Proceeds of long term debt	\$20,814	\$0
Purchase of new Property Plant and Equipment	-\$22,150	\$0
Proceeds from sale of PP&E	\$0	\$74,040
Dividends Paid	\$79,968	\$28,859

	\$78,632	\$102,899
Investing Activities		
Due to Shareholders	-\$39,892	\$68,224
Due to Directors	\$12,745	\$71,016
Due to Related Parties	\$17,991	\$30,989
Due from Related Parties	\$54,969	-\$77,241
Due from Shareholders	-\$61,053	-\$27,357
Due from Directors	\$44,501	-\$68,370
	\$29,261	-\$2,739
Increase/ (decrease) in cash	\$369,749	-\$76,185
Cash at beginning of year	\$88,909	\$165,094
Cash at end of year	\$458,658	\$88,909

ABC25788074 XYZ54410147 Inc.

Notes to Financial Statements

Year ended:

Jan 31, 2023

Nature of Operations

ABC25788074 XYZ54410147 Inc. is into Frozen food 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 \$925686

3. Inventory	Jan 31	Jan 31
	2023	2022
finished Goods	\$30,941	\$16,378
Raw Material	\$29,685	\$16,496
Packaging and Labels	\$11,163	\$6,449
	\$71,790	\$39,322

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	Jan 31	Jan 31
	2023	2022
ASD International Inc	\$10,907	\$39,802
JEO International Inc	\$16,191	\$42,265
	\$27,098	\$82,067
 (b) Due from Shareholders	 Jan 31	 Jan 31
	2023	2022
Shareholder 1	\$39,927	\$15,205
Shareholder 2	\$53,035	\$16,704
	\$92,962	\$31,909
 (c) Due from Directors		
Director 1	\$12,986	\$36,162
Director 2	\$18,804	\$40,129
	\$31,790	\$76,291

(d) Due to related parties	Jan 31	Jan 31
	2023	2022
ASD International Inc	\$52,613	\$34,617
JEO International Inc	\$22,549	\$14,836
	\$75,162	\$49,453
(e) Due from Shareholders	Jan 31	Jan 31
	2023	2022
Shareholder 1	\$35,764	\$49,661
Shareholder 2	\$15,328	\$21,283
	\$51,092	\$70,944
(f) Due from Directors		
Director 1	\$14,576	\$33,644
Director 2	\$17,214	\$42,647
	\$31,790	\$76,291

5. Property, plant and equipment

	Jan 31, 2023		
	Cost	Depreciation	Net Book Value
F&F	\$28,970	\$2,984	\$25,985
L H	\$19,313	\$1,990	\$17,324
Machi	\$19,313	\$1,990	\$17,324
L&B	\$28,970	\$2,984	\$25,985
	\$96,566	\$9,948	\$86,618

6. Long Term Debt

Jan 31	Jan 31
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	2023	2022
ABC Bank Term Loan payable monthly with interest rate of 7.64%	\$9,218	\$6,428
ABC Bank Term Loan payable monthly with interest rate of 8.68%	\$17,656	\$12,313

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	Jan 31	Jan 31
Issued	2023	2022
Common Shares - shareholder 1	\$14,427	\$24,929
Common Shares - shareholder 2	\$17,107	\$25,332
	\$31,534	\$50,261

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	\$4,154
Jan 31, 2025	\$4,361
Jan 31, 2026	\$4,580
Jan 31, 2027	\$4,809
	\$17,903

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