

XYZ74559672 XYZ67236129 Inc.

Date:

Apr 6, 2024

To the Shareholders/Board of Directors of ABC28519909 XYZ42563979 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 ABC28519909 XYZ42563979 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".

XYZ74559672 XYZ67236129 Inc.  
Licenses public Accountants

Apr 6, 2024  
Toronto, ON

Combined Statement of Balance Sheets  
ABC28519909 XYZ42563979 Inc.

Current Assets	Dec 31, 2023	Dec 31, 2022
Cash	\$75,126	\$61,636
Term Deposits	\$39,796	\$74,522
Accounts Receivable	\$40,136	\$70,630
Inventory	\$28,571	\$6,096
Harminized Sales Tax Receivable	\$69,456	\$73,072
Prepaid Expenses	\$52,146	\$66,651
Deposits	\$42,793	\$59,837
Marketable Securities	\$26,498	\$90,250
Income tax receivable	\$26,592	\$43,687
Interest Receivable	\$24,275	\$81,803
Mortgage Receivable	\$16,664	\$96,415
Dividends Receivable from join venture investments	\$18,591	\$98,410
Loans from related parties	\$63,194	\$78,704
	\$523,838	\$901,713
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$59,104	\$87,711
Due from Related Parties	\$10,056	\$44,514
Due from Shareholders	\$12,627	\$24,208
Due from Directors	\$93,574	\$71,950
Deposits	\$44,666	\$60,176
Investments	\$92,321	\$92,478
Goodwill	\$82,057	\$67,460
Intangible assets	\$95,207	\$85,835
	\$489,612	\$534,332
	\$1,013,450	\$1,436,045

Current Liabilities

Bank Indebtedness	\$1,049	\$29,707
Short term debt	\$94,674	\$73,067
Accounts Payable and Accrued Liabilities	\$11,554	\$65,050
Income tax payable	\$39,589	\$86,919
Current portion of long term debt	\$32,075	\$61,101
Government remittances payable	\$87,993	\$28,998
	\$266,934	\$344,842

Non Current Liabilities

Deferred income	\$22,544	\$23,692
Long Term Debt	\$75,997	\$12,977
Obligations under Capital Lease	\$45,741	\$35,008
Due to Shareholders	\$16,304	\$90,797
	\$160,586	\$162,474

Shareholders Equity

Share Capital	\$44,603	\$44,603
Preferred shares	\$403,305	\$90,602
Retained Earnings	\$138,022	-\$292,120

	\$1,013,450	\$92,478
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Combined Statement of Income		31-Dec-2023	31-Dec-2022
ABC28519909 XYZ42563979 Inc.			
Income			
Total Sales			
Category 70695		\$4,897,400	\$6,293,940
Category 67643		\$88,677	\$77,748
Total Sales		\$4,986,077	\$6,371,688
Cost of Sales		\$2,991,646	\$5,670,802
Gross Profit		\$1,994,431	\$700,886
Expenses			
Selling and recruitment		\$1,317	\$9,973
Sales and Wages		\$8,113	\$7,847
Equipment rentals		\$9,615	\$1,511
Occupancy		\$8,269	\$488
Office and General		\$2,202	\$7,977
Interest and bank charges		\$5,432	\$5,714
Software		\$8,166	\$2,234
Vehicle		\$5,799	\$2,523
Professional fees		\$9,421	\$6,119
Telecommunications		\$7,589	\$9,487
Utilities		\$529	\$8,015
Repairs and maintenance		\$2,187	\$8,068
Depreciation		\$228	\$4,469
Interest on long term debt		\$4,470	\$4,745
General and administrative		\$2,256	\$230
Loss (gain) on foreign exchange		\$4,669	\$8,283
		\$80,262	\$87,683

Income before other income and income taxes	\$1,914,168.88	\$613,202.65
Other income	\$2,426	\$8,758
Income before taxes	\$1,911,743	\$604,445
Income taxes	\$477,936	\$151,111
Net income	\$1,433,807	\$453,333
Dividends paid	\$430,142	\$136,000

ABC28519909 XYZ42563979 Inc.

Statement of Cashflows

31-Dec-2023

31-Dec-2022

Operating Activities

Net Income

\$1,433,807

\$453,333

Adjustment for items which does not affect cash

Depreciation

\$228

\$4,469

\$1,434,035

\$457,802

Change in non-cash working capital items

Accounts receivable

-\$30,494

\$69,899

Inventory

\$22,475

-\$1,267

Harminized Sales Tax Receivable

-\$3,616

\$67,391

Prepaid expenses

-\$14,505

\$65,679

Deposits

-\$17,044

\$50,932

Income tax receivable

-\$17,095

\$36,389

Accounts Payable and Accrued Liabilities

-\$53,496

\$56,027

Income tax payable

-\$47,330

\$81,111

Short Term Debt

\$21,607

\$67,795

\$1,294,537

\$951,758

Financing Activities

Repayment of long term loan

0

-\$8,183

Proceeds of long term debt

\$63,020

0

Purchase of new Property Plant and Equipment

\$0

-\$78,019

Proceeds from sale of PP&E

\$28,379

\$0

Repayment of capital lease obligations

0

-\$28,660

Proceeds of long term debt

\$10,733

0

Dividends Paid

-\$430,142

-\$136,000

		-\$328,010	-\$250,862
Investing Activities			
Due to Shareholders		-\$74,493	\$82,857
Due from Related Parties		\$34,458	-\$40,880
Due from Shareholders		\$11,581	-\$18,020
Due from Directors		-\$21,624	-\$64,446
		-\$50,078	-\$40,489
Increase/ (decrease) in cash		\$916,449	\$660,407
Cash at beginning of year		\$61,636	\$94,162
Cash at end of year		\$978,085	\$754,569



ABC28519909 XYZ42563979 Inc.

Notes to Financial Statements

Year ended:

Dec 31, 2023

Nature of Operations

ABC28519909 XYZ42563979 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**

JEI BANK has provided the Company with committed revolving facility loan which bears a floating interest at JEI 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 \$1047676

### **3. Inventory**

	31-Dec-2023	31-Dec-2022
finished Goods	\$12,157	\$2,862
Raw Material	\$12,057	\$3,014
Packaging and Labels	\$4,357	\$219
	\$28,571	\$6,096

#### 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
ABC International Inc	\$4,032	\$22,012
JEI International Inc	\$6,024	\$22,502
	\$10,056	\$44,514

##### (b) Due from Shareholders

	12/31/2023	12/31/2022
Shareholder 1	\$5,505	\$11,099
Shareholder 2	\$7,122	\$13,109
	\$12,627	\$24,208

##### (c) Due from Directors

Director 1	\$39,675	\$34,176
Director 2	\$53,899	\$37,774
	\$93,574	\$71,950

(d) Due to Shareholders	12/31/2023	12/31/2022
Shareholder 1	\$8,054	\$38,453
Shareholder 2	\$8,250	\$52,344
	\$16,304	\$90,797

## 5. Property, plant and equipment

			31-Dec-2023
	Cost	Depreciation	Net Book Value
F&F	\$17,800	\$68	\$17,731
L H	\$11,866	\$46	\$11,821
Machi	\$11,866	\$46	\$11,821
L&B	\$17,800	\$68	\$17,731
	\$59,332	\$228	\$59,104

## 6. Long Term Debt

	31-Dec-2023	31-Dec-2022
JEI BANK Term Loan payable monthly with interest rate of 0.44%	\$37,069	\$25,409
JEI BANK Term Loan payable monthly with interest rate of 6.8%	\$71,003	\$48,669
	\$108,072	\$74,078

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-Dec-2023	31-Dec-2022
Common Shares - shareholder 1	\$18,510	\$21,543

Common Shares - shareholder 2	\$26,093	\$23,060
	\$44,603	\$44,603

#### **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	\$8,682
Dec 31, 2025	\$9,117
Dec 31, 2026	\$9,572
Dec 31, 2027	\$10,051
	\$37,422

#### **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 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

