

XYZ34298636 XYZ95735787 Inc.

Date:

7-May-2024

To the Shareholders/Board of Directors of ABC63426437 XYZ58434378 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 ABC63426437 XYZ58434378 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".

XYZ34298636 XYZ95735787 Inc.
Licenses public Accountants

7-May-2024
Toronto, ON

Combined Statement of Balance Sheets
ABC63426437 XYZ58434378 Inc.

Current Assets	31-Jan-2024	31-Jan-2023
Cash	\$17,539	\$60,889
Term Deposits	\$50,244	\$55,347
Inventory	\$42,375	\$97,097
Accounts Receivable	\$8,924	\$75,723
Harminized Sales Tax Receivable	\$20,239	\$11,930
Prepaid Expenses	\$17,336	\$68,366
Deposits	\$75,478	\$78,002
Marketable Securities	\$24,702	\$10,561
Investments	\$86,031	\$49,936
Income tax receivable	\$23,944	\$42,232
Restricted Cash	\$60,707	\$35,960
Interest Receivable	\$68,211	\$55,955
Loans from related parties	\$47,540	\$72,633
	\$543,270	\$714,631
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$70,344	\$90,323
Due from Shareholders	\$25,551	\$39,061
Due from Related Parties	\$83,048	\$71,395
Due from Directors	\$50,927	\$19,841
Deposits	\$63,068	\$96,702
Investments	\$45,727	\$13,131
Goodwill	\$12,009	\$66,253
Intangible assets	\$30,137	\$31,601
	\$380,811	\$428,307
	\$924,081	\$1,142,938

Current Liabilities

Bank Indebtedness	\$6,327	\$46,187
Short term debt	\$96,875	\$58,459
Accounts Payable and Accrued Liabilities	\$21,461	\$78,281
Income tax payable	\$75,482	\$16,530
Deposits received	\$8,940	\$97,600
Current portion of long term debt	\$97,944	\$16,017
Current portion of obligations under capital lease	\$5,108	\$62,216
Government remittances payable	\$6,057	\$15,595
	\$318,194	\$390,885

Non Current Liabilities

Deferred income	\$99,482	\$14,956
Government Loan	\$64,431	\$27,566
Obligations under Capital Lease	\$61,542	\$77,898
Long Term Debt	\$85,868	\$44,743
Due to Directors	\$16,734	\$10,691
Due to Shareholders	\$74,362	\$74,138
Due to Related Parties	\$33,212	\$43,067
	\$435,631	\$293,059

Shareholders Equity

Share Capital	\$22,482	\$60,541
Preferred shares	-\$1,575,615	0
Retained Earnings	\$1,723,389	\$398,453
	\$924,081	\$1,142,938

Combined Statement of Income		31-Jan-2024	31-Jan-2023
ABC63426437 XYZ58434378 Inc.			
Income			
Total Sales			
Category 78348		\$5,090,250	\$2,130,260
Category 64389.		\$71,921	\$73,801
Total Sales		\$5,162,171	\$2,204,061
Cost of Sales		\$2,529,464	\$1,829,370
Gross Profit		\$2,632,707	\$374,690
Expenses			
Selling and recruitment		\$3,745	\$5,146
Sales and Wages		\$3,261	\$3,871
Equipment rentals		\$272	\$4,273
Occupancy		\$8,144	\$1,896
Office and General		\$7,994	\$6,297
Interest and bank charges		\$9,966	\$4,804
Software		\$4,971	\$3,354
Vehicle		\$7,743	\$9,410
Professional fees		\$7,240	\$4,380
Telecommunications		\$8,335	\$4,901
Utilities		\$9,006	\$2,127
Repairs and maintenance		\$7,067	\$7,539
Depreciation		\$7,424	\$9,058
Interest on long term debt		\$7,615	\$5,186
General and administrative		\$9,166	\$2,179
Loss (gain) on foreign exchange		\$3,814	\$9,598
		\$105,763	\$84,019

Income before other income and income taxes	\$2,526,944.21	\$290,671.32
Other income	\$3,257	\$9,962
Income before taxes	\$2,523,687	\$280,709
Income taxes	\$630,922	\$70,177
Net income	\$1,892,765	\$210,532
Dividends paid	\$567,830	\$63,160

ABC63426437 XYZ58434378 Inc.

Statement of Cashflows

31-Jan-2024

31-Jan-2023

Operating Activities

Net Income

\$1,892,765

\$210,532

Adjustment for items which does not affect cash

Depreciation

\$7,424

\$9,058

\$1,900,189

\$219,590

Change in non-cash working capital items

Accounts receivable

-\$66,799

\$69,336

Inventory

-\$54,722

\$91,852

Harminized Sales Tax Receivable

\$8,309

\$11,783

Prepaid expenses

-\$51,030

\$59,479

Deposits

-\$2,524

\$74,425

Income tax receivable

-\$18,288

\$38,744

Accounts Payable and Accrued Liabilities

-\$56,820

\$68,518

Income tax payable

\$58,952

\$10,037

Deposits Received

-\$88,660

\$92,391

Short Term Debt

\$38,416

\$48,952

\$1,667,023

\$785,107

Financing Activities

Repayment of long term loan

0

-\$38,107

Proceeds of long term debt

\$41,125

\$38,490

Purchase of new Property Plant and Equipment

\$0

-\$83,686

Proceeds from sale of PP&E

\$12,555

\$0

Repayment of capital lease obligations

-\$16,356

-\$72,183

Proceeds of long term debt

0

0

Dividends Paid

-\$567,830

-\$63,160

		-\$530,506	-\$218,646
Investing Activities			
Due to Shareholders	\$224	\$69,352	
Due to Directors	\$6,043	\$1,872	
Due to Related Parties	-\$9,855	\$40,998	
Due from Related Parties	-\$11,653	-\$67,447	
Due from Shareholders	\$13,510	-\$32,685	
Due from Directors	-\$31,086	-\$18,417	
		-\$32,817	-\$6,327
Increase/ (decrease) in cash	\$1,103,701	\$560,134	
Cash at beginning of year	\$60,889	-\$499,245	
Cash at end of year	\$1,164,590	\$60,889	

ABC63426437 XYZ58434378 Inc.

Notes to Financial Statements

Year ended:

31-Jan-2024

Nature of Operations

ABC63426437 XYZ58434378 Inc. is into Tire Valve 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

FET BANK has provided the Company with committed revolving facility loan which bears a floating interest at FET 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

personal property. The total carrying amount of assets pledged as collateral under the CC is \$1086540

3. Inventory

	31-Jan-2024	31-Jan-2023
finished Goods	\$19,408	\$39,276
Raw Material	\$19,556	\$45,781
Packaging and Labels	\$3,411	\$12,040
	\$42,375	\$97,097

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
JEI International Inc	\$37,206	\$29,201
ABC International Inc	\$45,842	\$42,194
	\$83,048	\$71,395

(b) Due from Shareholders

	1/31/2024	1/31/2023
Shareholder 1	\$11,664	\$18,183
Shareholder 2	\$13,887	\$20,878
	\$25,551	\$39,061

(c) Due from Directors

Director 1	\$24,801	\$8,998
Director 2	\$26,126	\$10,843

	\$50,927	\$19,841
(d) Due to related parties	1/31/2024	1/31/2023
JEI International Inc	\$15,626	\$17,744
ABC International Inc	\$17,586	\$25,323
	\$33,212	\$43,067
(e) Due to Shareholders	1/31/2024	1/31/2023
Shareholder 1	\$37,107	\$34,029
Shareholder 2	\$37,255	\$40,109
	\$74,362	\$74,138
(f) Due to Directors	1/31/2024	1/31/2023
Director 1	\$7,606	\$4,308
Director 2	\$9,128	\$6,383
	\$16,734	\$10,691

5. Property, plant and equipment

	31-Jan-2024		
	Cost	Depreciation	Net Book Value
F&F	\$23,330	\$2,227	\$21,103
L H	\$15,554	\$1,485	\$14,069
Machi	\$15,554	\$1,485	\$14,069
L&B	\$23,330	\$2,227	\$21,103
	\$77,768	\$7,424	\$70,344

6. Long Term Debt

	31-Jan-2024	31-Jan-2023
FET BANK Term Loan payable monthly with interest rate of 2.7%	\$63,048	\$20,841
FET BANK Term Loan payable monthly with interest rate of 2.76%	\$120,764	\$39,919
	\$183,812	\$60,760

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	\$10,128	\$28,333
Common Shares - shareholder 2	\$12,354	\$32,208
	\$22,482	\$60,541

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	\$8,551
Jan 31, 2026	\$8,979
Jan 31, 2027	\$9,428
Jan 31, 2028	\$9,899
	\$36,857

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