

FINANCIAL STATEMENTS

BROWNSTONE ENTERPRISES INC.

For the Year Ended December 31, 2024

COMPANY INFORMATION

Owner/President: Ethan Brown

Business Address: 456 Oak Dr, Hamilton

Contact Email: ethan.brown@example.org

Fiscal Year: 2024

Document Type: Financial Statements

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1. INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Brownstone Enterprises Inc.

We have audited the accompanying financial statements of Brownstone Enterprises Inc., which comprise the statement of financial position as of December 31, 2024, and the statements of comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 International Standards on Auditing. Those standards 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brownstone Enterprises Inc. as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Smith & Associates, CPAs

Hamilton

February 14, 2025

2. STATEMENT OF FINANCIAL POSITION

As of December 31, 2024

ASSETS

Current Assets

- Cash and cash equivalents: \$842,500
- Accounts receivable: \$356,200
- Inventory: \$571,400
- Prepaid expenses: \$43,700
- **Total Current Assets:** \$1,813,800

Non-Current Assets

- Property, plant and equipment: \$2,465,900

- Intangible assets: \$387,200
- Long-term investments: \$695,000
- **Total Non-Current Assets:** \$3,548,100

TOTAL ASSETS: \$5,361,900

LIABILITIES AND EQUITY

Current Liabilities

- Accounts payable: \$298,400
- Short-term loans: \$175,000
- Current portion of long-term debt: \$120,000
- Accrued expenses: \$87,300
- **Total Current Liabilities:** \$680,700

Non-Current Liabilities

- Long-term debt: \$1,245,000
- Deferred tax liabilities: \$134,600
- **Total Non-Current Liabilities:** \$1,379,600

TOTAL LIABILITIES: \$2,060,300

Equity

- Share capital: \$1,500,000
- Retained earnings: \$1,801,600
- **Total Equity:** \$3,301,600

TOTAL LIABILITIES AND EQUITY: \$5,361,900

3. STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2024

Revenue

- Sales revenue: \$4,875,200
- Service revenue: \$1,236,800
- **Total Revenue:** \$6,112,000

Expenses

- Cost of goods sold: \$2,536,100
- Employee salaries and benefits: \$1,345,700
- Rent and utilities: \$289,400
- Depreciation and amortization: \$245,800
- Advertising and marketing: \$187,300
- Professional services: \$95,600
- Insurance: \$67,200
- Other operating expenses: \$124,500
- **Total Expenses:** \$4,891,600

Operating Income: \$1,220,400

- Finance income: \$28,500
- Finance costs: \$(116,300)
- **Net Finance Costs:** \$(87,800)

Income Before Tax: \$1,132,600

- Income tax expense: \$283,150

NET INCOME: \$849,450

Other Comprehensive Income

- Gain on revaluation of property: \$75,000
- Exchange differences on translation: \$(12,400)
- **Total Other Comprehensive Income:** \$62,600

TOTAL COMPREHENSIVE INCOME: \$912,050

4. STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

Cash Flows from Operating Activities

- Net income: \$849,450
- Adjustments for:

- Depreciation and amortization: \$245,800
- Finance costs: \$116,300
- Income tax expense: \$283,150
- Changes in working capital:
 - (Increase)/decrease in accounts receivable: \$(42,300)
 - (Increase)/decrease in inventory: \$(87,600)
 - Increase/(decrease) in accounts payable: \$34,200
- Interest paid: \$(112,500)
- Income tax paid: \$(269,400)
- **Net Cash from Operating Activities:** \$1,017,100

Cash Flows from Investing Activities

- Purchase of property, plant and equipment: \$(345,200)
- Purchase of intangible assets: \$(56,700)
- Purchase of investments: \$(200,000)
- **Net Cash used in Investing Activities:** \$(601,900)

Cash Flows from Financing Activities

- Proceeds from issuance of share capital: \$0
- Proceeds from long-term borrowings: \$250,000
- Repayment of borrowings: \$(365,000)
- Dividends paid: \$(210,000)
- **Net Cash used in Financing Activities:** \$(325,000)

Net Increase in Cash and Cash Equivalents: \$90,200

- Cash and cash equivalents at beginning of year: \$752,300
- **Cash and Cash Equivalents at End of Year:** \$842,500

5. NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

Note 1: General Information

Brownstone Enterprises Inc. ("the Company") is incorporated and domiciled in Hamilton. The address of its registered office is 456 Oak Dr, Hamilton. The Company is primarily engaged in the manufacturing and distribution of industrial equipment and provision of related services.

Note 2: Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Note 3: Significant Accounting Policies

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales-related taxes.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

Inventory

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Note 4: Related Party Transactions

During the year, the Company entered into transactions with entities controlled by Mr. Ethan Brown, the Company's principal shareholder. These transactions included:

- Consulting services provided to related parties: \$86,400
- Rental payments to related parties for office space: \$72,000

All transactions were conducted at arm's length and on normal commercial terms.

Note 5: Subsequent Events

There have been no material events after the reporting period that would require adjustment to or disclosure in these financial statements.

Prepared by:

Financial Department

Brownstone Enterprises Inc.

456 Oak Dr

Hamilton

Contact: ethan.brown@example.org