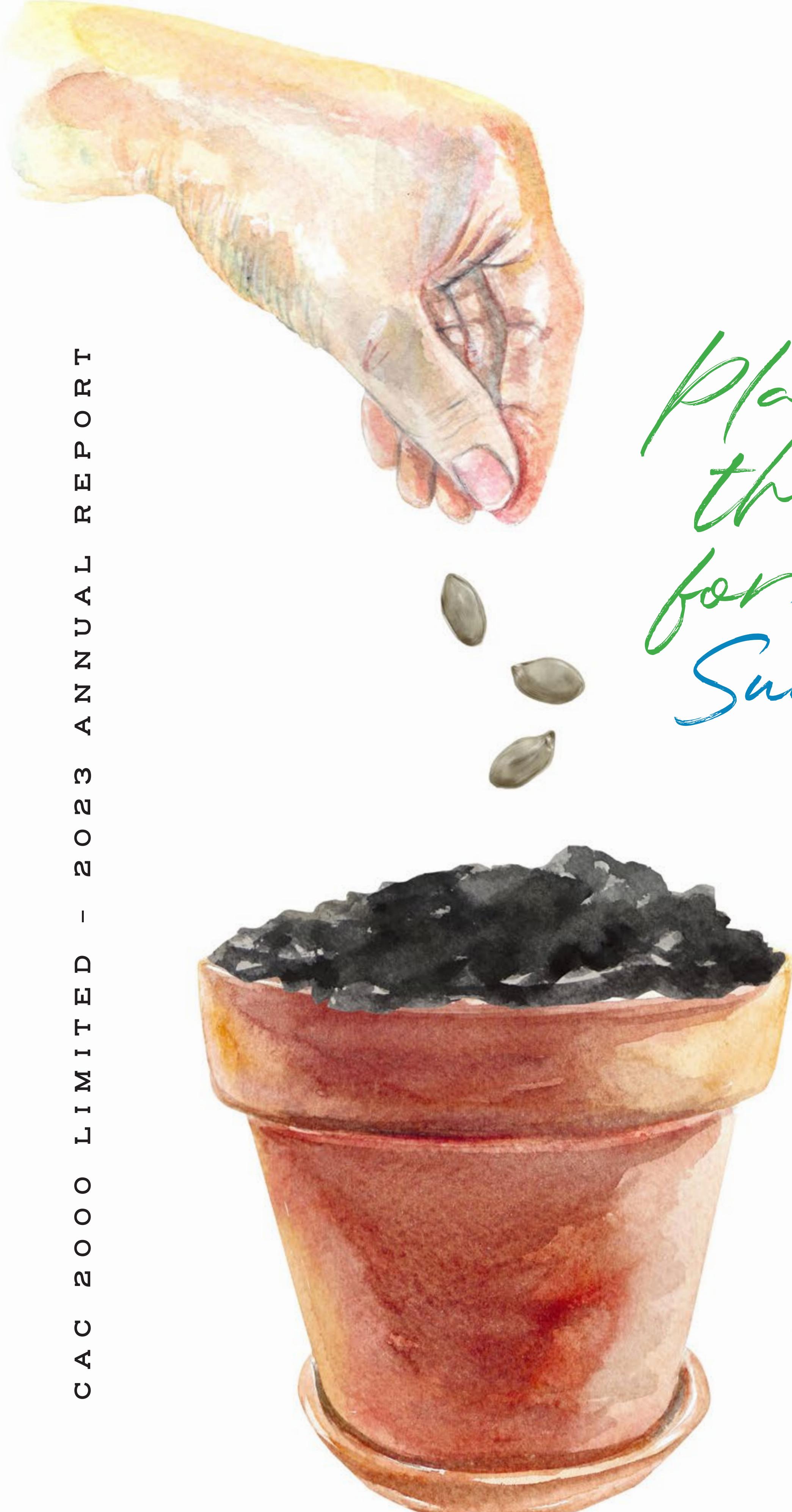
CAC 2000 LIMITED - 2023 ANNUAL REPORT



# Planting the seeds for Future Success...

CAC

Improving People's Lives

## Purpose

Improving People's Lives

## Vision

Excelling as the leading experts on Energy and Indoor Environmental Quality (IEQ)

## Mission

To engineer solutions and provide products and services that sustain healthy, comfortable and productive indoor environments.

# Values

Accuracy

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**Well Being:**
Life balance & commitment

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Excellence & Enthusiasm

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**Technical expertise & Teamwork:**
We will use our experience and highly developed technical skills along with innovative approaches to analyse and propose options for our customers.

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Respect

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**Integrity & Innovation:** We will not take short-cuts or practice any deceptive business strategies.

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**Problem resolution:**
We will assess, design, build and maintain solutions that solve our customers comfort, controls, or health issues.

# The Company and Our History

CAC 2000 Limited (CAC) is an engineering company that specializes in the distribution, installation and servicing of Energy Efficient Air Conditioning Systems. We are the succession of a number of businesses starting with Webster's Engineering in the late 1920's. In the mid-1960s, the ICD Group (formerly the Mechala Group) bought Conditionedair Corporation and merged it with another company to form Conditionedair and Associated Contractors, or "CAC" for short. CAC was later merged into the iconic "Homelectrix", which was a household name in Jamaica for many years. When Homelectrix was sold in the early 1990s, the management team purchased 49% of the newly formed Conditionedair and Associated Contractors. On July 24th, 2000 the Company was incorporated, and the remaining 51% was purchased on August 18th, 2000, and that is the genesis of the Company's name: "CAC 2000 Limited".

## EXPANDED FOCUS

By virtue of the various iterations of the business, we have been the sole appointed representative for Carrier®, world leaders in air conditioning technology, in Jamaica since 1929. Although the Company is predominantly a Carrier® dealer, we have expanded our portfolio to offer other premium equipment brands such as Mitsubishi Electric®, LG®, Fujitsu® and CIAC® as well as both factory and generic parts. In recent years, our focus has expanded to include a range of solutions that are tailored to our clients' needs and support energy efficiency and greater control.

CAC sells, services and supports some of the most sophisticated air conditioning systems ever designed and completed in Jamaica and the Caribbean. Our technical and engineering expertise sets us apart from the competition and can be seen throughout Jamaica in the large projects that we have designed, managed and implemented.

On the strength of the qualifications and experience of our team, we are first and foremost an engineering company that specializes in applied air conditioning systems (chillers, cooling towers, pumps, air handling units and state of the art variable refrigeration flow (VRF) systems, to name a few) and pride ourselves on offering technical solutions and multiple options for our clients' needs. In addition to being one of the leading providers of commercial Air Conditioning (HVAC) systems and refrigeration and energy solutions in Jamaica, and maintaining a respectable share of the residential market, we are also one of the few Grade 1 contractors (and also a Grade 1 Mechanical Works and Grade 3 Electrical Works).

## OUR ACCOLADES

Our expertise is reinforced by our accolades. CAC was awarded two golds during the 2017 staging of the Stevie® Awards, one of the world's most coveted prizes designed to honour the achievements and positive contributions of businesses worldwide. In 2018, the Business Excellence Forum & Awards, designed to honour "the best of the best" small businesses and business owners worldwide, recognized CAC as a finalist in four of the five categories we entered: CEO of the Year, Fastest Growing Company, Best Company Culture, and Best Import/Export Company.

In May 2016, CAC established the CAC 2000 Foundation aimed at assisting disadvantaged, disabled and at-risk youth secure employment through education, as we know that with a good education anything is possible. We have partnered with existing programs and entities such as Rise which caters to the inner-city youth and the Pacers Running Club to raise funds for Step Centre which caters to the disabled. We have also received funding from JSIF for our Skills Training Program for air conditioning repairs and servicing.

In June 2021 CAC entered into a joint venture formation with Tropical Battery Company Limited (Tropical Battery) launching ENRVATE Limited. ENRVATE is the product of a shared vision of both companies to make our Caribbean paradise a better place to live and work through focusing on real-time measurement, monitoring of energy consumption, and using the resulting data to identify, design and execute energy and water saving opportunities. Enrvate plans to develop innovative financing solutions for qualified customers through the issuance of a Green Bond along with equity capital.

As a Company, we are committed to Jamaica, the future of its people and delivering comprehensive and innovative air-conditioning and energy saving solutions to the local market and the wider Caribbean region.

# Corporate Data

**Executive Directors**
Executive Chairman: Steven D. Marston
CEO/Company Secretary: Gia Abraham
Director Customer Experience: Colin Roberts

**Non-Executive Directors**
Edward Alexander
Patrick Smith
M. Anthony Shaw
Simon Roberts
Katherine Francis

**Registered Head Office**
CAC 2000 Limited
231 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: 876-656-9200  Fax: 876-923-1785
Email: sales@cac2000ltd.com
Website: www.cacjamaica.com

**Attorney**
Annaliesa E. Lindsay
Lindsay Law Chambers
21 Seaview Avenue
Kingston 6, Jamaica
Tel: 876-920-7428

**Auditors**
PricewaterhouseCoopers
Scotiabank Centre,
Duke Street
http://www.pwc.com/jm

**Bankers:**

**SCOTIABANK**
Corporate Banking
Scotia Centre
Corner of Duke Street & Port Royal Street
Kingston

**NATIONAL COMMERCIAL BANK**
Portmore Branch
13-14 West Trade Way
Portmore, St. Catherine

**FIRST GLOBAL BANK**
New Kingston Branch
28-48 Barbados Ave
Kingston 5

# The Chairman's Report

Steven Marston

CHAIRMAN

The reporting year 2023 was focused on rebuilding and regrouping after a challenging year for the company. As we look forward, planting the seeds of success for 2024, this is what the company has in store:

- We have started the new financial year with more than double the value of projects on hand when compared to the year under review, with more to come
- Our strategic joint ventures (including Enrvate) have expanded our scope beyond air-conditioning, and we are also working on various energy projects (conventional fuels and renewable energy)
- The management team has been restructured and key expertise has been deployed to grow sales and further improve operational effectiveness
- We have tightened systems and procedures along with better utilization of the ERP system (Acumatica) which will yield better reporting and increased productivity
- We continue to not only retain our key customers but are expanding our scope of business with them
- We continue to carefully manage revenues and cashflows as we all adjust to the post-pandemic shift that we perceive to be delaying the decision-making process, order and delivery fulfillment, and receipt of payment while ensuring that our debt leverage is contained.

We thank our management team, shareholders and Board of Directors for their continued commitment and belief in the vision for CAC 2000 Limited. We thank our loyal customers who through experience know and appreciate our uniqueness and unparalleled offering. We are quite excited and looking forward to a positive year and restoration of growth in the company so please stay tuned for further announcements.

Improving People's Lives

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT the 2024 Annual General Meeting of CAC 2000 Limited ("the Company") will be held on Thursday, 26 September 2024, at 3:00 p.m. at the registered office address, 231 Marcus Garvey Drive, Kingston 11 for the following purposes:**

1. **To consider the Company's Accounts and the Reports of the Directors and the Auditors for the year ended 31 October 2023, and (if thought fit) pass the following resolution:**

   **Resolution #1:** "That the Directors' Report, the Auditors Report and the Statements of Accounts of the Company for the year ended 31 October 2023 be approved".

2. **To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors. To consider and (if thought fit) pass the following resolution:**

   **Resolution #2:** "That PwC, Chartered Accountants, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company".

3. **The Directors, Mr. Simon Roberts, Ms. Katherine Francis, and Mr. Steven Marston shall retire from office and being eligible offered themselves for re-election.**

   **Resolution #3:** To approve the re-election of Directors recommended for appointment to the Board of Directors of the Company. To consider and (if thought fit) pass the following resolutions::

   **a.** "That retiring Director Mr. Simon Roberts be and is hereby re-elected a Director of the Company".

   **b.** "That retiring Director Ms. Katherine Francis be and is hereby re-elected a Director of the Company".

   **c.** "That retiring Director Mr. Steven Marston be and is hereby re-elected a Director of the Company".

4. **To transact any other special business.**

**BY ORDER OF THE BOARD OF DIRECTORS**

**Gia Abraham**
*Company Secretary*

DATED THIS 14TH DAY OF MARCH 2024

# Board of Directors

**Steven Marston**
*Chairman and Executive Director*

**Gia Abraham**
*Chief Executive Officer and Executive Director*

**Colin Roberts**
*Director - Customer Experience and Executive Director*

**Edward Alexander**
*Non-Executive Director and Chairman of Corporate Governance Committee*

**Patrick A. H. Smith**
*Independent Director and Chairman of Remuneration Committee*

**Katherine P. C. Francis**
*Independent Director*

**Simon Roberts**
*Independent Director*

**M. Anthony Shaw**
*Independent Director and Chairman of Audit Committee*

**For further information on the Company's Board of Directors, please visit: [https://www.cacjamaica.com/content/board-directors](https://www.cacjamaica.com/content/board-directors)**

# The Board Report

## THE BOARD OF DIRECTORS

The Board of Directors is comprised of:

- Steven Marston, Executive Chairman
- Gia Abraham, Executive Director/Company Secretary
- Colin Roberts, Executive Director
- Edward Alexander, Independent Director
- Patrick Smith, Independent Director
- Katherine Francis, Independent Director
- M. Anthony Shaw, Independent Director
- Simon Roberts, Independent Director

The Board is chaired by Steven Marston (Executive Chairman) and given his majority shareholding and past CEO position; CAC has always maintained a Lead Independent Director position (definition of Independent is listed in our Board Charter) currently held by Patrick Smith.

## BOARD COMMITTEES

We have three active committees each of which is Chaired by and is comprised of independent directors as follows:

**The Audit Committee (meetings held 4 times/year)**

- Anthony Shaw (Chairman, Independent Non-Executive)
- Patrick Smith (Independent Non-Executive)
- Simon Roberts (Independent Non-Executive)
- Gia Abraham (Executive)

**The Remuneration Committee (meetings held 2 times/year)**

- Patrick Smith (Chairman, Lead Independent Non-Executive)
- Simon Roberts (Independent Non-Executive)
- Katherine Francis (Independent Non-Executive)
- Gia Abraham (Executive)

**The Governance Committee (meetings held 2 times/year)**

- Edward Alexander (Chairman, Non-Executive)
- Simon Roberts (Independent Non-Executive)
- Katherine Francis (Independent Non-Executive)
- Gia Abraham (Executive)

Each year the Company Secretary posts a schedule that involves a minimum of six (6) meetings for directors:

- Quarterly meetings – Board and committees
- Annual General Meeting
- Strategy and budget presentation (1-2 meetings); and
- Selected members of the Executive team plus external parties, e.g., Auditors, are invited to the various meetings and copied on all minutes

***Please see Attendance Report on next page***

The last Annual General Meeting was conducted on September 21st, 2023, on the CAC compound and was attended by all directors (some remote) and previous minutes were circulated inclusive of the shareholder questions that were posed.

## DIRECTORS' COMPENSATION

The payment for directors comprises a retainer of JMD$550,000 per annum plus an adder of JMD$150,000 for Chairman responsibility (including Lead Independent Director). This compensation was last reviewed in 2021 and we expect to review it periodically.

## BOARD EVALUATION, NEEDS ASSESSMENT, NOMINATION AND REMUNERATION POLICY

Every two years we engage an independent person to conduct a Board survey (self and peer) and this report (graded for ALL, Non-Executive and Executive) is used by the Board to identify areas for improvements along with a board expertise review and skills assessment. Once we identify a skills gap, we commence the nomination and selection process and, once completed, new Directors are engaged using a contract letter that outlines the terms of their contract, term limit and orientation activities. Our development plan includes:

- Directors Duties and Responsibilities
- Director courses (individual) – JSE (Jamaica Stock Exchange), CGTI etc.
- Executive training – HBS etc.

Our last review was conducted in 2022 and we were happy to observe significant improvements and will continue with these bi-annual surveys while upgrading the scope each time.

## BOARD MEETING ATTENDANCE

| Board of Directors | Virtual Meeting 23 Dec 2022 | Virtual Meeting 09 Mar 2023 | Virtual Meeting 08 Jun 2023 | Virtual Meeting 14 Sep 2023 | Virtual Special Meeting 03 Oct 2023 |
|---|---|---|---|---|---|
| Steven Marston, Executive Chairman | √ | √ | √ | Apology | √ |
| Colin Roberts, Executive Director | √ | √ | √ | √ | √ |
| Edward Alexander, Non-Executive Director | √ | √ | √ | √ | √ |
| Gia Abraham, CEO, Company Secretary | √ | √ | √ | Apology | √ |
| Patrick Smith, Lead Independent Director | √ | √ | Apology | √ | Apology |
| Anthony Shaw, Independent Director | √ | √ | √ | √ | √ |
| Katherine Francis, Independent Director | √ | √ | √ | √ | √ |
| Simon Roberts, Independent Director | √ | √ | √ | √ | √ |

## AUDIT COMMITTEE

| Members | Virtual Meeting 15 Dec 2022 | Virtual Meeting 02 Mar 2023 | Virtual Meeting 01 June 2023 | Virtual Meeting 07 Sept 2023 |
|---|---|---|---|---|
| Anthony Shaw, Committee Chairman | √ | √ | √ | √ |
| Gia Abraham, CEO, Company Secretary | √ | √ | √ | √ |
| Patrick Smith, Lead Independent Director | √ | √ | Apology | √ |
| Simon Roberts, Independent Director | √ | √ | √ | √ |
| **Invitees** | | | | |
| Steven Marston, Executive Chairman | √ | √ | √ | √ |
| Colin Roberts, Executive Director | Apology | √ | √ | Apology |
| Edward Alexander, Non-Executive Director | √ | √ | √ | √ |

## CORPORATE GOVERNANCE

| Members | Virtual Meeting March 03, 2023 | Virtual Meeting September 08, 2023 |
|---|---|---|
| Edward Alexander, Non-Executive Director, Committee Chairman | √ | √ |
| Gia Abraham, Chief Executive Officer, Company Secretary | √ | Apology |
| Katherine Francis, Independent Director | √ | √ |
| Simon Roberts, Independent Director | √ | √ |
| Colin Roberts, Executive Director | Apology | Apology |
| **Invitee** | | |
| Steven Marston, Executive Chairman | √ | √ |

## REMUNERATION COMMITTEE

| Members | Virtual Meeting 09 Dec 2021 |
|---|---|
| Patrick Smith, Lead Independent Director, Committee Chairman | √ |
| Gia Abraham, Chief Executive Officer, Company Secretary | √ |
| Katherine Francis, Independent Director | Apology |
| Simon Roberts, Independent Director | √ |
| **Invitees** | |
| Steven Marston, Executive Chairman | √ |

## ANNUAL GENERAL MEETING

| Members | Hybrid - 21 Sep 2023 |
|---|---|
| Edward Alexander, Non-Executive Director | in attendance |
| Steven Marston, Executive Chairman | in attendance online |
| Colin Roberts, Executive Director | in attendance |
| Gia Abraham, CEO, Company Secretary | in attendance |
| Patrick Smith, Lead Independent Director | in attendance |
| Anthony Shaw, Independent Director | in attendance online |
| Katherine Francis, Independent Director | apology |
| Simon Roberts, Independent Director | in attendance online |

# The Board Report

## POLICIES

At the onset we aimed for compliance with the NACD guidelines. However, since the release of the PSOJ (Private Sector Organization of Jamaica) Governance Code, we have amended our policies and charters to reflect these guidelines (2021 version). Our charters and policies are all accessible on the ***CACjamaica.com*** website and include:

- Board Charter
- Corporate Governance Charter
- Audit Charter
- Remuneration Charter
- Risk Policy
- CSG/Environmental policy
- Dividend Policy
- Code of Ethics
- Whistleblower Policy
- Classification of Director
- Nomination and Orientation of directors
- Disaster Plan
- Articles of Association

## 2023 REVIEW:

Financial and operational performance has been reported by the CEO above and we note that there are no qualifications in the audit report (done by PWC).

## GOALS

After the strategy/budget review, the BOD reviews the goals for the Executive team (and Board if assigned) and these are entered into the HR Management system (Bamboo) and periodically scored and reported by the CEO/Chairman.

### Financial

We agree financial goals and reporting schedule with the management team and their actual performance impacts the employee compensation package (with performance incentive assessed and reported quarterly).

### Risk

We recently added risk reporting to the Board by the assigned responsible Manager (currently the Financial Controller).

## COMMITTEE AND BOARD EFFECTIVENESS

In late 2021, we changed the directors and committees and continue to try and optimize their effectiveness and the Board.

## CORPORATE GOVERNANCE

The Board Chairman, CEO and Governance Committee Chairman work together to complete the CGI scoring (two forms) and we are happy to report that this year we achieved a rating of BB. Congratulations to the CAC team for their performance.

**Steven Marston**
*Executive Chairman*

**Patrick Smith**
*Lead Independent Director*

# Shareholders' Interests

## Top 10 Shareholders *As at October 31, 2023*

| Primary Account Holder | Joint Holder(s) | Volume | Percentage |
|---|---|---|---|
| CAC CARIBBEAN LIMITED | | 67,462,522 | 52.2835% |
| MR COLIN ROBERTS | | 27,355,291 | 21.2004% |
| MR DONALD LOUIS WILLIAMS | | 6,180,000 | 4.7895% |
| VMWEALTH EQUITY FUND | | 5,826,199 | 4.5153% |
| PAM - POOLED EQUITY FUND | | 3,334,203 | 2.5840% |
| HOWARD MARTIN CHIN | | 2,884,050 | 2.2351% |
| MR. PETER NICHOLAS ANTHONY FORDE | PATRICIA FORDE | 1,232,961 | 0.9555% |
| CHRISTINE G. WONG | | 1,143,988 | 0.8866% |
| SAGICOR SELECT FUND LIMITED - ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION | | 1,035,021 | 0.8021% |
| JAMAICA CREDIT UNION PENSION FUND LIMITED | | 843,463 | 0.6537% |

| | |
|---|---|
| **Total Issued Capital:** | **129,032,258** |
| **Total Units Owned by Top 10 Shareholders:** | **17,297,698** |
| **Total Percentage Owned by Top 10 Shareholders:** | **90.9057%** |

# Shareholders' Interests

## Executive Holdings for CAC 2000 Limited *As at October 31, 2023*

| Name | Primary Holder<br>Joint Holder | Position | Relationship | Volume | % |
|---|---|---|---|---|---|
| STEVEN MARSTON | Steven Marston | Manager | Self | - | 0.00000 |
| | CAC Caribbean Limited | | Connected | 67,462,522 | 52.28345 |
| | *Gia Abraham<br>Steven Marston | | Connected | 248,623 | 0.19268 |
| | Gia Abraham | | Connected | 300,001 | 0.23250 |
| | | | **Senior Manager's Holdings** | **-** | **0.00000** |
| | | | **Connected Party Holdings** | **68,011,146** | **52.70864** |
| | | | **Combined Holdings** | **68,011,146** | **52.70864** |
| COLIN ROBERTS | Colin Roberts | Manager | Self | 27,355,291 | 21.20035 |
| | | | **Senior Manager's Holdings** | **27,355,291** | **21.20035** |
| | | | **Connected Party Holdings** | **-** | **-** |
| | | | **Combined Holdings** | **27,355,291** | **21.20035** |
| GIA ABRAHAM | Gia Abraham | Manager | Self | 300,001 | 0.23250 |
| | *Gia Abraham<br>Steven Marston | | Self | 248,623 | 0.19268 |
| | CAC Caribbean Limited | | Connected | 67,462,522 | 52.28345 |
| | | | **Senior Manager's Holdings** | **548,624** | **0.42518** |
| | | | **Connected Party Holdings** | **67,462,522** | **52.28345** |
| | | | **Combined Holdings** | **68,011,146** | **52.70864** |

| | | |
|---|---|---|
| **Issued Shares** | **129,032,258** | |
| **Combined Director's Holdings** | **27,903,915** | **21.62553** |
| **Combined Connected Party Holdings** | **67,462,522** | **52.28345** |
| **Combined Holdings** | **95,366,437** | **73.90899** |

# Directors Holdings for CAC 2000 Limited *As at October 31, 2023*

| Name | Primary Holder<br>Joint Holder | Position | Relationship | Volume | % |
|---|---|---|---|---|---|
| STEVEN MARSTON | Steven Marston | Director | Self | - | 0.00000 |
| | CAC Caribbean Limited | | Connected | 67,462,522 | 52.28345 |
| | *Gia Abraham<br>Steven Marston | | Connected | 248,623 | 0.19268 |
| | Gia Abraham | | Connected | 300,001 | 0.23250 |
| | | | **Director's Holdings** | **-** | **0.00000** |
| | | | **Connected Party Holdings** | **68,011,146** | **52.70864** |
| | | | **Combined Holdings** | **68,011,146** | **52.70864** |
| COLIN ROBERTS | Colin Roberts | Director | Self | 27,355,291 | 21.20035 |
| | | | **Director's Holdings** | **27,355,291** | **21.20035** |
| | | | **Connected Party Holdings** | **-** | **0.00000** |
| | | | **Combined Holdings** | **27,355,291** | **21.20035** |
| GIA ABRAHAM | Gia Abraham | Director | Self | 300,001 | 0.23250 |
| | *Gia Abraham<br>Steven Marston | | Self | 248,623 | 0.19268 |
| | CAC Caribbean Limited | | Connected | 67,462,522 | 52.28345 |
| | | | **Director's Holdings** | **548,624** | **0.42518** |
| | | | **Connected Party Holdings** | **67,462,522** | **52.28345** |
| | | | **Combined Holdings** | **68,011,146** | **52.70864** |
| EDWARD CHARLES ALEXANDER | *Edward Charles Alexander | Director | Self | 54,286 | 0.04207 |
| | Charmaine Dawn Alexander | | | - | 0.00000 |
| | Renee Moy Alexander | | | - | 0.00000 |
| | Jordanne Moy Alexander | | | - | 0.00000 |
| | | | **Director's Holdings** | **54,286** | **0.04207** |
| | | | **Connected Party Holdings** | **-** | **0.00000** |
| | | | **Combined Holdings** | **54,286** | **0.04207** |
| PATRICK SMITH | Patrick Smith | Director | Combined Holdings | - | 0.00000 |
| ANTHONY SHAW | Anthony Shaw | Director | Combined Holdings | - | 0.00000 |
| SIMON ROBERTS | Simon Roberts | Director | Combined Holdings | - | 0.00000 |
| KATHERINE FRANCIS | Katherine Francis | Director | Combined Holdings | - | 0.00000 |
| **Issued Shares** | | | | **129,032,258** | |
| **Combined Director's Holdings** | | | | **27,958,201** | **21.66761** |
| **Combined Connected Party Holdings** | | | | **67,462,522** | **52.28345** |
| **Combined Holdings** | | | | **95,420,723** | **73.95106** |

CIAC
Air conditioning

# HIWALL

INVERTER | FX SERIES


## INVERTER / 50HZ

# Management Discussion and Analysis

# Planting the seeds

This year CAC has decided to use a very different approach to its MD&A, as it recognizes that this is an opportunity for the Company to speak with its key stakeholders as if they were sitting in a room having coffee and a piece of pie.

Over the last five years CAC has proven just how resilient a company it is, as it has encountered many operational challenges and rebounded stronger each time. The most recent of these challenges being the global pandemic which is still affecting the business to date and remains the most difficult to overcome as the repercussions have been far reaching in all areas of the company.

We started the reporting year with our lowest project portfolio since 2000, as a direct result of the COVID-19 pandemic; although most persons reading this may be thinking; "but COVID over long time," however, that is not the case. We are just beginning to alleviate the backlog of orders paused during the health crisis, while also adapting our procedures to align with the global trend of extended lead and delivery times, prompted by the relocation of manufacturing to Asia.

As a result of the opening portfolio size, the company anticipated that achieving a decent profit in 2023 would be difficult. Thus, 2023 became the year of planting the seeds for the future by rebuilding, rebranding, changing processes, hiring new staff and redefining our strategic positioning in the marketplace. With the future of the company being top of mind, the strategy continues to include diversification of the company's revenue streams by expanding our product offerings, service delivery methods, and the rebuilding of our project portfolio.

As investors you may be asking, "Does this mean CAC is no longer focused on providing the business-to-business ("B2B") market with engineered solutions?" And the answer is a resounding "NO". The company is growing and expanding as it focuses on its vision of excelling as the leading experts in energy and Indoor Environmental Quality (IEQ), which encompasses all aspects of air-conditioning, along with solar, lighting, water purification, air quality and tri-generation in both the B2B and B2C (business-to-consumer) markets.

The company is happy to report that its project portfolio going into 2024 is extremely healthy and its commitment to aggressively pursue wins in all areas of energy and Indoor Environmental Quality (IEQ).

The company is growing and expanding as it focuses on its vision of excelling as the leading experts in energy and Indoor Environmental Quality (IEQ)...

The company is thrilled to report that its service levels have returned to normalcy, and expects its service portfolio to grow by at least 10 to 15% in 2024 and 2025, as it remains committed to working with its customers to expand the lifespan and efficiency of their equipment and address Sustainable Development Goals 3, 6, 7, 9 and 13 under the Global Goals adopted by the UN in 2015 for completion by 2030.

*CAC retail outlet located in Village Plaza*

## RETAIL – HERE WE COME:

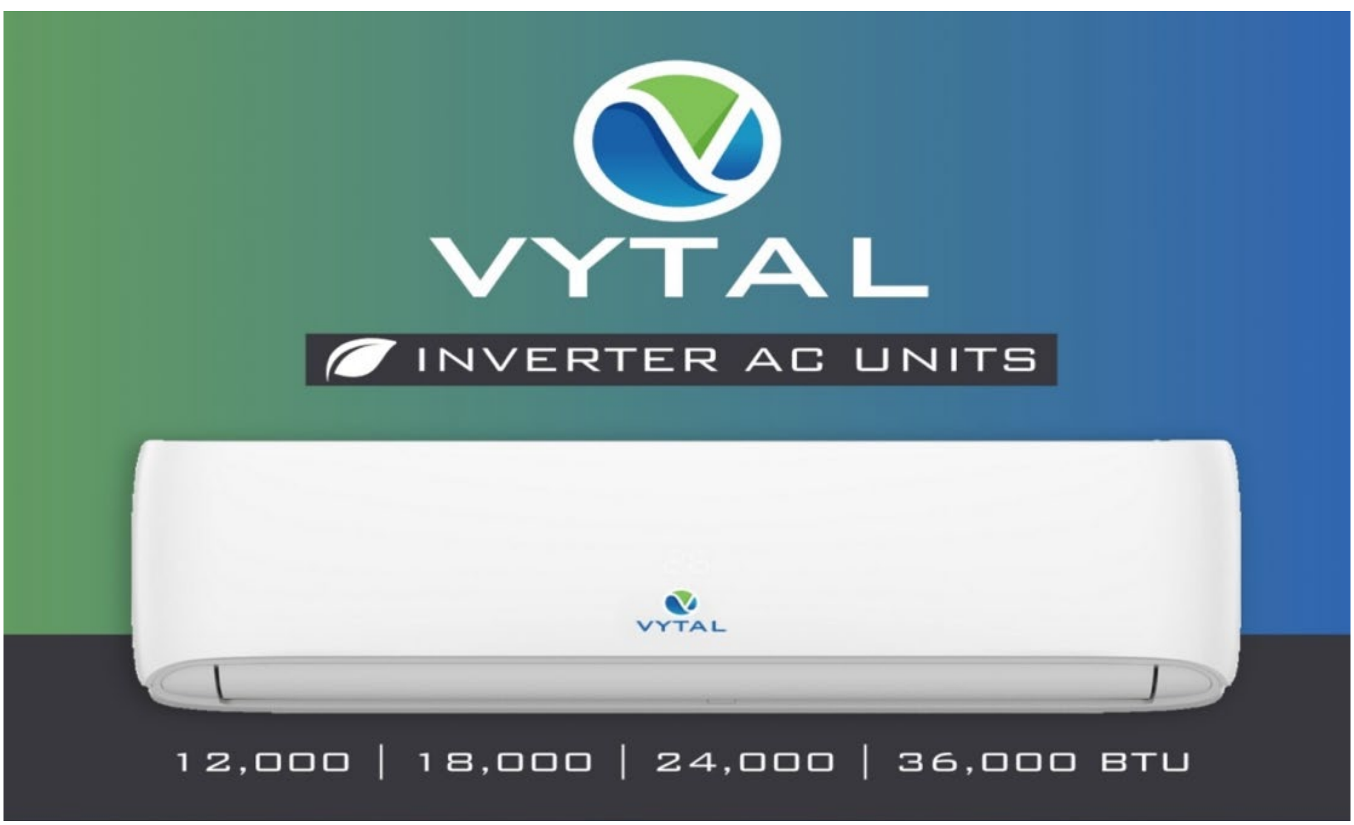
On March 16th, 2023, CAC opened the doors to its first retail outlet located at Village Plaza. This was quite the learning experience, however it addressed one of the major strategic priorities of diversification, both of revenue streams and delivery channels to the marketplace. The opening of the Village store was executed as per our 2023 strategic plan. But the universe had more plans for CAC as we got a call regarding a potential retail outlet in Montego Bay, which although part of our overall long-term strategy, was not planned for 2023, we responded to the call by opening our second retail outlet in Montego Bay at the National Supply Complex on November 1, 2023. We expect to see the benefits of these two ventures by Q4 of 2024.

## CAC LAUNCHES VYTAL

Another monumental achievement was the launch of the company's own brand – VYTAL, with the first shipment coming to market in September 2023. This too was quite a learning experience as the trademark process took well over a year to complete, but the dedication of the team kept the company on the straight and narrow path to a successful September launch. The launching of our own brand allows CAC to compete in what is a very price sensitive market, as there are many competitors launching their own brands directly from Asia, and it will continue to service all brands on the market. This change will enable it to enter the B2C and the B2B markets with a wider variety of more economical energy and IEQ product lines.

## NIMBLE & RESPONSIVE

The company has instituted many process changes, and as with all changes there have been teething pains, however once these changes have been fully implemented, it stands to be a more efficient. Training as always continues to be a priority for CAC, as we engaged external Project Management experts to upskill our Project Engineers with plans for further training in 2024.



## FIVE-YEAR FINANCIAL REVIEW

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **BALANCE SHEET ($'000)** | | | | | |
| Non-current Assets | 105,331 | 102,417 | 108,120 | 30,081 | 44,119 |
| Current Assets | 1,219,177 | 1,166,716 | 1,323,497 | 1,081,536 | 1,123,938 |
| Non-current Liabilities | 310,914 | 71,426 | 267,821 | 204,829 | 206,996 |
| Current Liabilities | 671,019 | 753,676 | 735,649 | 518,444 | 605,253 |
| Shareholder's Equity | 342,575 | 444,031 | 428,147 | 388,344 | 355,808 |

| **PROFIT & LOSS ($'000)** | **2023** | **2022** | **2021** | **2020** | **2019** |
|---|---|---|---|---|---|
| Revenue | 823,043 | 1,110,818 | 1,045,993 | 1,258,508 | 1,120,194 |
| Yearly Change % | -25.91% | 6.20% | -16.89% | 12.35% | -7.50% |
| Gross Profit | 275,840 | 430,985 | 447,786 | 423,856 | 344,621 |
| Yearly Change % | -36.00% | -3.75% | 5.65% | 22.99% | -23.96% |
| Profit before Tax | (112,505) | 21,222 | 42,739 | 32,537 | (33,402) |
| Yearly Change % | -630.13% | -50.35% | 31.36% | 197.41% | -144.68% |

## IMPORTANT RATIOS

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **PROFITABILITY: Company and manager performance** | | | | | |
| Return on Capital Employed | -9% | 11% | 11% | 10% | -6.0% |
| Return on Equity | -29% | 5% | 10% | 8% | -9% |
| Return on Total Asset | -7% | 2% | 3% | 3% | -3% |
| Gross Profit Margin | 34% | 39% | 43% | 34% | 31% |
| Earnings Per Share | -0.76 | 0.16 | 0.31 | 0.25 | -0.26 |
| Inventory Days | 409 | 311 | 284 | 148 | 180 |
| Debtor Days | 209 | 167 | 267 | 200 | 155 |
| Creditor Days | 89 | 58 | 74 | 75 | 122 |
| **FINANCIAL : Structure and stability of the company** | | | | | |
| Current ratio | 1.82 | 1.55 | 1.80 | 2.09 | 1.86 |
| Liquidity Ratio (Acid test) | 0.90 | 0.78 | 1.17 | 1.44 | 1.29 |
| Debt to Capital Employed | 48% | 14% | 38% | 35% | 37% |
| Debt to Equity ratio | 0.91 | 0.16 | 0.63 | 0.53 | 0.58 |

MD&A


The Sales and Solutions division of the company continues to be focused on developing and winning large projects and this initiative has already borne fruit as the company is now at pre-pandemic project levels with many more opportunities to come not only in the supply and installation of air-conditioning units, but also in the areas of solar photovoltaic systems, lighting and water treatment solutions.

## FINANCIAL PERFORMANCE

CAC's revenues saw a dip to $823M or by 25% over the previous year's revenues of $1.1B, and while it was able to contain its overall operating expenses by 18% ($319M vs. $390M), by managing staffing levels and decreasing some expenses through process changes, such as reducing cellular plans. The company did realize a loss of $98.2M versus a profit of $20.4M when compared to the previous year.

Longer shipment times due to the movement of manufacturing to China, and increased demand for funds for the clearance of containers versus less than container loads (LCL) have resulted in a reduction of time to dispose of inventory before the supplier invoice becomes due for payment. This has been the biggest challenge for CAC in 2023, into the start of 2024, which is being addressed through a more strategic ordering approach and a few other strategies that are being explored.

To this end the company saw its inventory days go from 311 to 409 days over the previous year or a 31% increase. CAC also saw an increase in its debtor days from 167 to 209 days or 25% as well as an increase in its creditor days from 58 to 89 days or 53%. These further cement the correlation between inventory turns, receivables and payables.

Another substantial change that has impacted the company is the extensive requirement for Bonds on projects such as Mobilization Bonds, Performance Bonds and Advance Bonds, which has a negative impact on the company's Cashflow, Interest Expense and Bank Charges.

## ENRVATE LTD

Enrvate continues to make significant inroads in the energy arena, and CAC expects to see results coming in late 2024 as most project quotations usually take anywhere from 6 months to 1.5 years to come to fruition.

## SUMMARY

Jamaica as a country is ripe with opportunity. The island remains a top destination for international travellers, the economy is recovering from the impact of the pandemic and the construction sector is robust. Customers are becoming savvier about how to save money while protecting the planet and CAC is ready and waiting to provide excellent service and superior technology in implementing solutions for energy efficient cooling, solar technology, water treatment and conservation, and so much more.

The company has several projects in the making which will cement its new business model and direction, as it continues to evaluate its learnings to remain nimble and responsive to emerging market trends. Going through challenging times is part of operating a business and it is CAC's willingness to be agile, ignite change and steer through obstacles that have made it a more resilient company, year after year. The waters may have been choppy, but CAC continues riding the waves with buoyancy and optimism, delivering value to its shareholders, delighting its customers, growing its people, and contributing to the community.

# Audited Financial Statements

# CAC 2000 Limited

**Financial Statements**
**31 October 2023**

# CAC 2000 Limited
Index
**31 October 2023**

| | Page |
|---|---|
| **Independent Auditor's Report to the Members** | |
| **Financial Statements** | |
| Statement of Financial Position | 1 |
| Statement of Comprehensive Income | 2 |
| Statement of Changes in Stockholders' Net Equity | 3 |
| Statement of Cash Flows | 4 - 5 |
| Notes to the Financial Statements | 6 – 45 |

# Independent auditor's report

To the Shareholders of CAC 2000 Limited

## Report on the audit of the financial statements

### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of CAC 2000 Limited (the Company) as at 31 October 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

***What we have audited***

The Company's financial statements comprise:

- the statement of financial position as at 31 October 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in stockholders' net equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence***

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Our audit approach

***Audit scope***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Expected credit losses (ECL) in relation to trade receivables**<br>*Refer to notes 2(f), 2(h), and 9 to the financial statements for disclosures of related accounting policies, judgements and estimates.*<br><br>As at 31 October 2023, trade receivables account for $426 million or 32% of total assets of the Company which includes a total associated ECL of $45.4 million.<br><br>In determining the ECL, management applies the simplified approach as permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using the lifetime ECL.<br><br>As a practical expedient, a provision matrix is utilised in determining the lifetime ECL for these receivables. The lifetime ECL is determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.<br><br>We focused on this area due to the estimation uncertainty in assessing credit risk. | Our approach to addressing the matter involved the following procedures, amongst others:<br><br>• Updated our understanding of the methodology and assumptions used by management in the determination of the ECL provision matrix.<br><br>• Tested historical data, on a sample basis, used in the provision matrix to calculate the historical rates of default by agreeing data to prior year audited results.<br><br>• Reperformed the calculation of days past due on a sample basis.<br><br>• Recalculated the ECL by applying the expected credit loss rates of default to the aged receivable balance.<br><br>• Tested subsequent payments for a sample of large customers where expected credit losses had been recognized.<br><br>• Evaluated the reasonableness of management's judgement pertaining to the impact of forward-looking information on the ECL.<br><br>The results of our procedures indicated that the assumptions used by management for determining the expected credit losses in relation to trade receivables were not unreasonable. |

## Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor’s report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
31 January 2024
Kingston, Jamaica

# CAC 2000 Limited

## Statement of Financial Position

**As at 31 October 2023**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current asset** | | | |
| Property, plant and equipment | 4 | 19,109,528 | 24,924,654 |
| Intangible assets | 5 | 1,644,004 | 3,763,517 |
| Right-of-use assets | 6 | 57,910,405 | 61,336,718 |
| Deferred tax asset | 7 | 21,667,172 | 7,392,968 |
| Investment in joint venture | 25 | 5,000,000 | 5,000,000 |
| | | 105,331,109 | 102,417,857 |
| **Current assets** | | | |
| Tax recoverable | | 13,249,152 | 10,992,519 |
| Inventories | 8 | 613,400,834 | 578,433,392 |
| Due from related parties | 15 | 20,411,931 | 18,536,610 |
| Trade and other receivables | 9 | 492,087,563 | 480,708,885 |
| Investments | | 4,089,267 | 3,413,584 |
| Cash and bank deposits | 10 | 75,938,133 | 74,631,083 |
| | | 1,219,176,880 | 1,166,716,073 |
| **Total assets** | | 1,324,507,989 | 1,269,133,930 |
| **EQUITY AND LIABILITIES** | | | |
| **Stockholders' net equity** | | | |
| Share capital | 11 | 129,189,757 | 129,189,757 |
| Capital redemption reserve | 12 | 56,070,657 | 56,070,657 |
| Retained earnings | | 157,314,383 | 258,770,796 |
| | | 342,574,797 | 444,031,210 |
| **Non-current liabilities** | | | |
| Borrowings | 13 | 258,873,849 | 13,901,429 |
| Lease liabilities | 14 | 52,040,356 | 57,525,071 |
| | | 310,914,205 | 71,426,500 |
| **Current liabilities** | | | |
| Borrowings | 13 | 76,943,744 | 350,027,580 |
| Lease liabilities | 14 | 19,836,705 | 15,383,031 |
| Due to related parties | 15 | 28,999,475 | 32,344,674 |
| Trade and other payables | 16 | 545,239,063 | 355,920,935 |
| Tax payable | | - | - |
| | | 671,018,987 | 753,676,220 |
| **Total equity and liabilities** | | 1,324,507,989 | 1,269,133,930 |

**Approved for issue by the Board of Directors on January 31, 2024 and signed on its behalf by:**

Michael Anthony Shaw — Steven Marston

Michael Shaw, Chairman — Steven Manston, Director

# CAC 2000 Limited

Statement of Comprehensive Income
**Year ended 31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **Revenue** | 17 | 823,043,076 | 1,110,818,266 |
| Cost of sales | | (547,203,181) | (679,833,586) |
| **Gross Profit** | | 275,839,895 | 430,984,680 |
| Other income | 21 | (580,130) | 34,851,807 |
| Distribution expenses | | (16,723,507) | (20,549,870) |
| Administrative expenses | | (319,553,510) | (390,182,961) |
| **Operating Profit** | | (61,017,252) | 55,103,656 |
| Foreign exchange loss | | (1,487,767) | (208,928) |
| Interest income | | 247,170 | 55,082 |
| Finance costs | 22 | (50,246,961) | (33,728,304) |
| **Profit before Taxation** | | (112,504,810) | 21,221,506 |
| Taxation | 23 | 14,274,204 | (820,999) |
| **Net Profit, being Total Comprehensive Income for the Year** | | (98,230,606) | 20,400,507 |
| **Earnings per stock unit attributable to owners of the parent during the year** | | | |
| Basic and fully diluted | 24 | (0.76) | 0.16 |

# CAC 2000 Limited

Statement of Changes in Stockholders' Net Equity

**Year ended 31 October 2023**

(expressed in Jamaican dollars unless otherwise indicated)

| | Share Capital $ | Capital Redemption Reserve $ | Retained Earnings $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 November 2021** | 129,189,757 | 56,070,657 | 242,886,418 | 428,146,832 |
| Net profit, being total comprehensive income for the year | - | - | 20,400,507 | 20,400,507 |
| Dividend paid | - | - | (4,516,129) | (4,516,129) |
| **Balances at 31 October 2022** | 129,189,757 | 56,070,657 | 258,770,796 | 444,031,210 |
| Net profit, being total comprehensive income for the year | - | - | (98,230,606) | (98,230,606) |
| Dividend paid | - | - | (3,225,807) | (3,225,807) |
| **Balance at 31 October 2023** | 129,189,757 | 56,070,657 | 157,314,383 | 342,574,797 |

# CAC 2000 Limited

Statement of Cash Flows

**Year ended 31 October 2023**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Net profit | | (98,230,606) | 20,400,507 |
| Adjustments for: | | | |
| Taxation | 23 | (14,274,204) | 820,999 |
| Amortisation- intangible assets | 5 | 2,119,513 | 1,811,878 |
| Depreciation – property, plant & equipment | 4 | 2,332,868 | 9,381,163 |
| Depreciation – right of use assets | 6 | 17,937,458 | 16,728,196 |
| Loss/(gain) on disposal of property, plant & equipment | | 704,196 | - |
| Unrealised loss on financial assets at fair value through profit and loss | | (189,835) | (315,163) |
| Movement in expected credit loss | 9 | 18,167,284 | (5,929,315) |
| Net foreign exchange losses | | 1,029,179 | 2,715,972 |
| Finance costs | 22 | 47,918,485 | 34,135,284 |
| Interest income | | (247,170) | (55,082) |
| | | (22,732,832) | 79,694,439 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | (34,967,442) | (114,562,994) |
| Trade and other receivables | | (29,451,534) | 266,560,820 |
| Trade and other payables | | 188,014,568 | (303,020,779) |
| Due from related parties | | (1,875,321) | (10,153,792) |
| Cash provided by / (used in) operations | | 98,987,439 | (81,482,306) |
| Tax paid | | (2,256,633) | (12,688,515) |
| Net cash provided by/ (used in) operating activities | | 96,730,806 | (94,170,821) |
| **Cash Flows from Investing Activities** | | | |
| Acquisition of property, plant and equipment | 4 | (281,938) | (15,866,976) |
| Proceeds from disposal of property, plant and equipment | | 3,060,000 | (2,327,912) |
| Investment in securities | | 59,912 | (3,254,513) |
| Interest received | | 247,170 | 55,082 |
| Net cash provided by / (used in) investing activities | | 3,085,144 | (21,394,319) |
| Net cash flows (used in)/provided by operating and investing activities brought forward to page 5 | | 99,815,950 | (115,565,140) |

# CAC 2000 Limited

Statement of Cash Flows (Continued)

**Year ended 31 October 2023**

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| Net cash flows (used in)/provided by operating and investing activities brought forward from page 4 | | 99,815,950 | (115,565,140) |
| **Cash Flows from Financing Activities** | | | |
| Repayment of bank loans | | (462,111,415) | (158,894,982) |
| Proceeds from bank loans | | 434,000,000 | 317,995,000 |
| Lease liabilities | | (15,542,186) | (10,168,632) |
| Interest paid | | (47,918,485) | (34,135,284) |
| Dividends paid to non-controlling interests in subsidiaries | | (3,225,806) | (4,516,129) |
| Related parties, net | | (3,345,199) | (23,221,454) |
| Net cash provided by(used in) financing activities | | (98,143,091) | 87,058,519 |
| Net decrease in cash and cash equivalents | | 1,672,859 | (28,506,621) |
| Effects of exchange rate changes on cash and cash equivalents | | (365,809) | (1,268,377) |
| Cash and cash equivalents at beginning of year | | 74,631,083 | 104,406,081 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | 10 | 75,938,133 | 74,631,083 |

## 1. Identification and Activities

CAC 2000 Limited (the Company) is incorporated and domiciled in Jamaica. On January 7, 2016, the Company's ordinary shares were listed on the Jamaica Junior Stock Exchange through an Initial Public Offering (Note 9). The ultimate parent company is Caribbean Air Conditioning Company Limited, a company incorporated and domiciled in St. Lucia. The principal activities of the Company are the sale of air conditioning equipment and installation and maintenance of such systems. The Company's registered office is 231 Marcus Garvey Drive, Kingston 11.

## 2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless stated otherwise.

### (a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS and complies with the provisions of the Jamaican Companies Act. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**Standards, interpretations and amendments to published accounting standards effective in the current financial year**

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial period. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

**Amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on, IFRS 9 and IFRS 16,** (effective for annual periods beginning on or after 1 January 2022).
Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to, IFRS 9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'.

## 2. Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

**Standards, interpretations and amendments to published accounting standards effective in the current financial year (continued)**

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not yet effective and which the Company will adopt in future financial years. The Company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

**Amendments to IAS 1, Presentation of financial statements', on classification of liabilities**, (effective for annual periods beginning on or after 1 January 2024). Amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).
The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Company is currently assessing the impact of this amendment.

**Amendments to IAS 1, Practice statement 2 and IAS 8**, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Company is currently assessing the impact of this amendment.

**Amendment to IAS 12 – deferred tax relates to assets and liabilities arising from a single transaction.** (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The Company is currently assessing the impact of this amendment.

**Amendment to IAS 16- Leases on sales and leaseback** (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Company is currently assessing the impact of this amendment.

## 2. Significant Accounting Policies (Continued)

### (b) Property, plant and equipment

Property, plant and equipment are measured at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is computed on a straight-line basis at annual rates estimated to write down the property, plant and equipment to their estimated residual values at the end of their expected useful lives, as follows:

| | |
|---|---|
| Leasehold improvements | Over the term of the lease |
| Plant machinery | 10 years |
| Tools and equipment | 5 years |
| Furniture, fixtures & equipment | 10 years |
| Computers and related equipment | 3 years |
| Motor vehicles | 5 years |

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### (c) Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

### (d) Intangible assets

Intangible assets Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

## 2. Significant Accounting Policies (Continued)

### (e) Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

### (f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

*Financial assets*
For the purpose of these financial statements, financial assets have been determined to include cash and deposits, investments, amounts due from related parties and trade, and other receivables.

<u>Classification</u>

The Company considers the following measurement categories in classifying its financial assets:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the business model used for managing the financial assets and the contractual terms of each cash flows. The Company's assets measured at fair value, gains and losses will be recorded in profit or loss.

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 2. Significant Accounting Policies (Continued)

### (f) Financial instruments (continued)

Measurement

*Debt instruments*
Measurement financial instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. The Company considers three measurement categories when classifying its financial instruments.

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent sole payments of principal and interest, are measured at amortised cost. Interest income from financial assets is included in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on financial asset that is measured at FVPL is recognised in profit or loss in the period in which it arises.

Impairment

The Company assesses impairment on a forward-looking basis for the expected credit losses (ECL) associated with its financial assets classified at amortised cost.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using the lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECL for these receivables.

The lifetime ECL is determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

*Financial liabilities*
Similarly, financial liabilities include accounts payable, loans and borrowings and amounts due to related parties. They are initially measured at fair value, net of transaction cost, and are subsequently measured at amortised cost using the effective interest method.

### (g) Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. The cost of finished goods and work-in-progress comprises raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (h) Accounts receivable
Trade and other receivables are measured at amortised cost, less expected credit loss.

**2. Significant Accounting Policies (Continued)**

**(i) Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled, or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity or its parent is provided with key management personnel services by the management entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**(j) Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances and other short-term investments with maturities ranging between one and three months from the reporting date, and which are readily convertible to known amounts of cash without significant change in value.

**2. Significant Accounting Policies (Continued)**

**(k) Share capital**

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

In the case of its preference share capital, it is classified as:

- equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;

- liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary; in such case, dividends thereon are recognised as interest in profit or loss.

The Company's redeemable preference shares are classified as financial liabilities as they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends are recognised as interest expense in profit or loss as a component of net finance costs/income as accrued.

**(l) Borrowing costs**

Banks and other loans are recognised initially at cost. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

**(m) Leases**

*From 1 November 2022, the following policies were applied by the Company as a lessee*

The Company leases various buildings/warehouses. Rental contracts are typically made for fixed periods of 12 months to 2 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees

**2. Significant Accounting Policies (Continued)**

**(n) Leases (continued)**

- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

There are no variable lease payments included in lease agreements.

Extension and termination options are included in a number of leases. The majority of extension and termination options held are exercisable only by the Company and not by the respective lesso

## 2. Significant Accounting Policies (Continued)

### (o) Leases (continued)

*Accounting policy applied prior to 1 November 2022*
Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations to the lessor, net of finance charges, are recorded in long term liabilities.

The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicles acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

### (p) Accounts payable

Trade and other payables are measured at amortised cost.

### (q) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted, or subsequently enacted at the end of the reporting period.

(ii) Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**2. Significant Accounting Policies (Continued)**

**(r) Taxation (continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

**(s) Employee benefits**

(i) Short-term employee benefits
Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave for services rendered by employees up to the end of the reporting period.

(ii) Defined contribution plans
Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(t) Joint venture**

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Company’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Company’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and joint venture is eliminated to the extent of the Company’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Compan

## 2. Significant Accounting Policies (Continued)

### (u) Revenue recognition

*Installation contracts*
IFRS 15 requires a consistent revenue recognition method for contracts and performance obligations with similar characteristics. The Company has chosen to use percentage to completion method, using the cost incurred to date as portion of the total estimated full costs of completing the contract, applied to the total expected contract revenue. This measurement basis is fairly consistent with the basis of measurement in prior year. The Company believes this measurement basis better reflects the pattern of transfer of control to the customer.

Contract price includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably. Under IFRS 15, claims and variations will be included in the contract accounting when they are approved. At 31 October 2023, there were no claims that do not meet the criteria for recognition.

A promise to deliver equipment and to install them can be treated as two distinct performance obligations for revenue recognition. The Company is committed to treating, as a single performance obligation, promises to deliver equipment and install them if the Company provides a significant service of integrating the good or service into a complete product for which the customer has contracted. An entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a good or service to a customer. An entity "transfers" a good of service to a customer when the customer obtains control of that good or service. Control may be transferred either at a point in time or over time. The delivery of equipment will qualify for revenue recognition at a point in time, and work done to install the equipment will be recognised at the different stages of completion to achieve the performance obligation.

*Sale of equipment and service contracts*
Revenue from sale of equipment and the provision of services (excluding services provided under installation contracts) is recognized when a promised good and/or service is transferred to the customer. Under IFRS 15, for certain contracts that permit the customer to return an item, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. Revenue from sale of equipment and provision of services rendered are recognized at a point in time.

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. Revenue is reduced for discounts, rebates and other similar allowances.

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

**2. Significant Accounting Policies (Continued)**

**(v) Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, to different customer base, and are managed separately because they require different resources and marketing strategies.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The primary reportable segments are:

(i) Engineering – Sale and installation of industrial equipment
(ii) Residential, Light and Commercial (RLC) – Sale of smaller turnkey equipment
(iii) Service – After sale service and maintenance

The Company's operations are primarily carried out in Jamaica

Transactions between business segments have been eliminated.

**(w) Net finance cost**

Net finance cost comprises interest payable on long-term loan, calculated using the effective interest rate method, interest income on funds invested and foreign exchange gains and losses recognised in profit or loss.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## 2. Significant Accounting Policies (Continued)

### (x) Foreign currencies

Transactions in foreign currencies are converted at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction.  Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

### (y) Dividends

Dividends are recognised in the period in which they are declared.

### (z) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

### (aa) Determination of profit and loss

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised.  A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

### (ab) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.  Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies**

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for assessing whether a significant increase in credit risk has occurred;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar assets for the purposes of measuring ECL.

(ii) Net realisable value of inventories
Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iii) Revenue recognised from installation contracts
Revenues from installation contracts are determined on the cost-plus basis with reference to the stage of completion. Estimates of the total costs of the contract is made at the initial stage of the contract and is reassessed on an ongoing basis. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. Therefore, the effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate. The changed estimates are used in the determination of the amount of revenue and expenses recognised in the statement of profit or loss and other comprehensive income in the period in which the change is made and in subsequent periods.

When the outcome of the contract cannot be estimated reliably, no profit is recognised. However, even though the outcome of the contract cannot be estimated reliably, it may be probable that total contract costs will exceed total contract revenues. In such cases, any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 4. Property, Plant and Equipment

| | Leasehold Improvements | Plant Machinery, Tools & Equipment | Furniture, Fixtures & Equipment | Computers & Related Equipment | Motor Vehicles | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **At Cost -** | | | | | | |
| 1 November 2021 | 23,955,566 | 17,039,260 | 5,985,042 | 33,383,403 | 50,881,573 | 131,244,844 |
| Additions | - | - | 237,776 | - | 15,629,200 | 15,866,976 |
| 31 October 2022 | 23,955,566 | 17,039,260 | 6,222,818 | 33,383,403 | 66,510,773 | 147,111,820 |
| Additions | - | 93,996 | 187,942 | - | - | 281,938 |
| 31 October 2023 | - | - | - | - | (3,764,196) | (3,764,196) |
| | 23,955,566 | 17,133,256 | 6,410,760 | 33,383,403 | 62,746,577 | 143,629,562 |
| **Accumulated Depreciation -** | | | | | | |
| 1 November 2021 | 23,955,566 | 7,071,608 | 3,681,822 | 32,395,060 | 45,701,947 | 112,806,003 |
| Charge for the year | - | 1,810,332 | 267,580 | 732,856 | 6,570,395 | 9,381,163 |
| 31 October 2022 | 23,955,566 | 8,881,940 | 3,949,402 | 33,127,916 | 52,272,342 | 122,187,166 |
| Charge for the year | - | 1,538,766 | 264,879 | 213,973 | 315,250 | 2,332,868 |
| 31 October 2023 | 23,955,566 | 10,420,706 | 4,214,281 | 33,341,889 | 52,587,592 | 124,520,034 |
| **Net Book Values -** | | | | | | |
| 31 October 2023 | - | 6,712,550 | 2,196,479 | 41,514 | 10,158,985 | 19,109,528 |
| 31 October 2022 | - | 8,157,320 | 2,273,416 | 255,487 | 14,238,431 | 24,924,654 |

# CAC 2000 Limited

Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 4. Property, Plant and Equipment (Continued)

The Company leases various motor vehicles under non-cancellable lease agreements (Note 14). The lease terms are four years. At year end, the net book value of motor vehicles acquired under finance leases was $nil.

## 5. Intangible Assets

| | Software $ |
|---|---|
| **At Cost-** | |
| 31 October 2022 | 6,359,173 |
| 31 October 2023 | 6,359,173 |
| **Amortisation -** | |
| 31 October 2022 | 2,595,656 |
| Additions | 2,119,513 |
| 31 October 2023 | 4,715,169 |
| **Net Book Values -** | |
| 31 October 2023 | 1,644,004 |
| 31 October 2022 | 3,763,517 |

Intangible assets relate to the purchase and installation of a cloud-based ERP computer software during the year.

## 6. Right-of-use Assets

| | Building $ |
|---|---|
| **Cost -** | |
| 31 October 2022 | 89,798,174 |
| Additions | 14,511,145 |
| 31 October 2023 | 104,309,319 |
| **Accumulated Depreciation -** | |
| 1 November 2022 | 28,461,456 |
| Additions | 17,937,458 |
| 31 October 2023 | 46,398,914 |
| **Net Book Values -** | |
| 31 October 2023 | 57,910,405 |
| 31 October 2022 | 61,336,718 |

Right-of-use assets relates to rental of building/warehouse and related leasehold improvements.

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 7. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an applicable tax rate of 12.5%. The movement on the deferred tax account is as follows:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Asset as at 1 November 2022 | 7,392,968 | 3,368,475 |
| Credited to the statement of comprehensive income | 14,274,204 | 4,024,493 |
| Asset as at 31 October 2023 | 21,667,172 | 7,392,968 |

Deferred income tax assets and liabilities are attributable to the following items –

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **Deferred tax assets** | | |
| Unrealised foreign exchange losses | 149,137 | 261,098 |
| Property, plant and equipment | 3,689,057 | 3,794,008 |
| Lease liabilities | 1,745,832 | 1,446,423 |
| IFRS 9 ECL provision | - | 1,016,984 |
| Statutory loss | 15,089,105 | |
| Other | 3,264,953 | 874,455 |
| | 23,938,084 | 7,392,968 |
| **Deferred tax liabilities** | | |
| IFRS 9 ECL provision | (2,270,912) | - |
| | (2,270,912) | 7,392,968 |
| **Net deferred tax assets** | 21,667,172 | 7,392,968 |

The deferred tax credited to the statement of comprehensive income comprises the following temporary differences:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Unrealised foreign exchange losses | (217,257) | 1,485,182 |
| Property, plant and equipment | (858,962) | 581,936 |
| Lease liabilities | 299,409 | 819,947 |
| IFRS 9 ECL provision | (3,315,062) | 1,044,151 |
| Statutory loss | 15,089,105 | - |
| Other | 3,276,971 | 93,277 |
| | 14,274,204 | 4,024,493 |

# CAC 2000 Limited

Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 7. Deferred taxation (continued)

The amounts shown in the balance sheet include the following:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Deferred tax assets to be recovered after more than 12 months | 10,869,777 | 7,746,164 |

## 8. Inventories

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Merchandise/equipment | 103,133,794 | 109,912,152 |
| Work-in-progress | 293,549,612 | 276,109,321 |
| Service supplies/parts | 145,044,759 | 163,551,124 |
| Goods in transit | 86,427,631 | 43,615,757 |
| | 628,155,796 | 593,188,354 |
| Provision for obsolescence | (14,754,962) | (14,754,962) |
| | 613,400,834 | 578,433,392 |

The cost of inventories recognised as cost of sales during the year was $531,615,469 (2022 - $618,658,072).

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 9. Trade and Other Receivables

| | 2023 $ | 2022 $ |
|---|---|---|
| Trade receivables | 470,881,496 | 507,513,080 |
| Less: expected credit loss | (45,350,435) | (63,517,720) |
| | 425,531,061 | 443,995,360 |
| Other receivables | 52,718,551 | 28,077,523 |
| Prepayments | 13,837,951 | 8,636,002 |
| | 492,087,563 | 480,708,885 |

During 2015, the Company entered into a joint arrangement with an independent third party, Inica Ingenieria de Instalaciones S.A.L (INICA), a company registered in the Dominican Republic with registered office at the INICA Business Building, Santo Domingo, to carry out infrastructure improvements and renovations of The Braco Hotel in Jamaica; and to share the profits 50:50. Included in trade receivables is $39,606,496 (2022 - $39,606,496) in relation to this venture.

*Contract assets*

Included in trade receivables are contract assets totaling $nil. The Company distinguishes contract assets based on whether receipt of the consideration is conditional on something other than passage of time. Contract assets primarily relate to transactions where the Company satisfies a performance obligation to transfer equipment that is part of an installation contract with the customer, but the right to payment for the equipment or the service is dependent on the agreement with the customer and services that were rendered but not yet billed to the customer at year end. The contract assets are transferred to trade receivable when the right becomes unconditional, i.e. when only the passage of time is required before payment of consideration is due.

Ageing of trade receivables at the reporting date was:

| | 2023 | | |
|---|---|---|---|
| | Gross Carrying Amount $ | Expected Credit Loss Rate | Expected Credit Loss $ |
| 0-30 days | 95,286,982 | 4% | 4,167,529 |
| 31-60 days | 24,213,601 | 10% | 2,425,419 |
| 61-180 days | 11,979,852 | 26% | 3,135,286 |
| More than 180 days | 339,401,061 | 10% | 35,622,202 |
| | 470,881,496 | | 45,350,436 |

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 9. Trade and Other Receivables (Continued)

Ageing of trade receivables (continued)

| | 2022 | | |
|---|---|---|---|
| | **Gross Carrying Amount** | **Expected Credit Loss Rate** | **Expected Credit Loss** |
| | **$** | | **$** |
| 0-30 days | 110,499,346 | 2% | 2,451,940 |
| 31-60 days | 56,170,464 | 7% | 3,891,261 |
| 61-180 days | 43,584,761 | 20% | 8,603,288 |
| More than 180 days | 297,258,509 | 16% | 48,571,231 |
| | 507,513,080 | | 63,517,720 |

Movement in expected credit loss

| | 2023 | 2022 |
|---|---|---|
| | **$** | **$** |
| **Opening loss allowance as at 1 November** | 63,517,720 | 69,447,035 |
| Increase/(Decrease) in expected credit loss recognised in income statement | (18,167,284) | (5,929,315) |
| Bad debt recovered | - | - |
| Bad debt written off | - | - |
| **Closing loss allowance as at 31 October** | 45,350,436 | 63,517,720 |

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 10. Cash and Bank Deposits

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with original maturity dates not exceeding 90 days.

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Cash on hand and in bank | 43,611,230 | 43,012,194 |
| Deposits | 32,326,903 | 31,618,889 |
| | 75,938,133 | 74,631,083 |

Cash and cash equivalents are denominated in the following currencies:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Jamaican dollars | 47,916,170 | 46,253,716 |
| US dollars | 27,035,204 | 27,432,846 |
| Other | 986,759 | 944,521 |
| | 75,938,133 | 74,631,083 |

The weighted average effective interest rates on cash and short-term bank deposits are as follows -

| | 2023<br>% | 2022<br>% |
|---|---|---|
| Cash at bank | | |
| - J$ | 0.01-0.95 | 0.01-0.95 |
| - US$ | 0.01-0.05 | 0.01-0.05 |
| Short-term deposits | | |
| - J$ | 1.15-1.80 | 1.15-1.80 |
| - US$ | 0-1.10 | 0-1.10 |
| - GBP | 0.19 | 0.19 |

(expressed in Jamaican dollars unless otherwise indicated)

## 11. Share Capital

| | 2023 No. | 2022 No. |
|---|---|---|
| Authorised in shares - | | |
| Ordinary units of no-par value | 200,000,000 | 200,000,000 |
| Fixed and variable rate cumulative redeemable preference shares | 350,000,000 | 350,000,000 |

| | 2023 $ | 2022 $ |
|---|---|---|
| Issued and fully paid as stock units - | | |
| 129,032,258 ordinary units (2022 - 129,032,258) | 138,773,634 | 138,773,634 |
| Less: Share issue costs | (9,583,877) | (9,583,877) |
| | 129,189,757 | 129,189,757 |
| 125,000,000 fixed and variable rate cumulative redeemable preference shares (2022 - 200,000,000) | 250,000,000 | 200,000,000 |
| | 379,189,757 | 329,189,757 |
| Less: Redeemable preference shares classified as liability (Note 13) | (250,000,000) | (200,000,000) |
| | 129,189,757 | 129,189,757 |

## 12. Capital Redemption Reserve

This represents the value of the cumulative redeemable preference shares redeemed from retained earnings.

## 13. Borrowings

| | 2023 $ | 2022 $ |
|---|---|---|
| (i) Redeemable preference shares | 250,000,000 | 200,000,000 |
| (ii) Bank of Nova Scotia Jamaica Limited | 13,901,429 | 18,929,009 |
| (iii) Bank of Nova Scotia Jamaica Limited | 71,916,164 | 145,000,000 |
| | 335,817,593 | 363,929,009 |

| | | |
|---|---|---|
| Current portion of borrowings | 76,943,744 | 350,027,580 |
| Non-current portion of borrowings | 258,873,849 | 13,901,429 |
| | 335,817,593 | 363,929,009 |

(expressed in Jamaican dollars unless otherwise indicated)

**13. Borrowings (Continued)**

(i) Redeemable preference shares

| | $ |
|---|---|
| Balance at 1 November 2017 | 148,037,000 |
| Redemption of preference shares | (148,037,000) |
| | - |
| Proceeds from issue of redeemable preference shares | 250,000,000 |
| Balance at 31 October 2023 | 250,000,000 |

In 2021, the Company redeemed the preference shares previously held. A portion of the proceeds from the new preference shares issued was used to fund the redemption of the shares, the balance of $56,070,657 was transferred from retained earnings to capital redemption reserves.

In 2023, $350,000,000 fixed and variable rate redeemable preference shares were re-authorized with an issue price of $2 per share. Of this $125,000,000 (2022 - 200,000,000) issued shares are fully paid. Redeemable preference shares do not carry the right to vote or rank equally with other shares with regard to the Company's residual assets, except that holders of redeemable preference shares participate only to the extent of the face value of the shares.

The redeemable preference shares are mandatorily redeemable at par on March 16, 2026 and the Company is obliged to pay holders of redeemable preference shares dividends of 13% percent per annum until maturity. Dividend is paid quarterly.

(ii) The loans represent amounts issued by Bank of Nova Scotia Jamaica Limited to facilitate the purchase of motor vehicles for employees. The loans are secured by charges over the motor vehicles purchased and comprehensive insurance endorsed in favour of the bank on the motor vehicles. The loans are repayable in monthly installments. Interest rates on the loans are fixed at 6.95% and 7.99% per annum.

(iii) This represents amounts borrowed against operating line of credit issued by Bank of Nova Scotia Jamaica Limited. The loans are repayable after six months and attracts an interest rate of 6.95% - 10.5% per annum. The loan is secured by term deposits held at other financial institutions totaling $43mil (2022 - $43mil).

# CAC 2000 Limited

Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 13. Borrowings (Continued)

### Movement in Liabilities from Financing Activities

| | Lease Liabilities $ | Loan Liabilities $ | Redeemable Preference Shares $ | Total $ |
|---|---|---|---|---|
| Net debt as at 1 November 2021 | 83,076,734 | 4,828,991 | 200,000,000 | 287,905,725 |
| Acquisition | - | 317,995,000 | - | 317,995,000 |
| Repayment | (10,168,632) | (158,894,982) | - | (169,063,614) |
| Interest charged | 7,711,663 | 7,740,146 | 18,683,475 | 34,135,284 |
| Interest paid | (7,711,663) | (7,740,146) | (18,683,475) | (34,135,284) |
| Net debt as at 31 October 2022 | 72,908,102 | 163,929,009 | 200,000,000 | 436,837,111 |
| Net debt as at 1 November 2022 | 72,908,102 | 163,929,009 | 200,000,000 | 436,837,111 |
| Acquisition | 14,511,145 | 184,000,000 | 250,000,000 | 448,511,145 |
| Repayment | (15,542,186) | (262,111,416) | (200,000,000) | (477,653,602) |
| Interest charged | 10,876,091 | 9,511,169 | 27,531,225 | 47,918,485 |
| Interest paid | (10,876,091) | (9,511,169) | (27,531,225) | (47,918,485) |
| Net debt as at 31 October 2023 | 71,877,061 | 85,817,593 | 250,000,000 | 407,694,654 |

## 14. Lease Liabilities

The Company entered into lease agreements for the purchase of motor vehicles and rental buildings/warehouses. Obligations under these agreements are as follows:

| | 2023 $ | 2022 $ |
|---|---|---|
| Minimum lease payments under finance lease | | |
| Not later than 1 year | 29,195,891 | 21,927,996 |
| Later than 1 year and not later than 5 years | 53,160,423 | 66,630,911 |
| | 82,356,314 | 88,558,907 |
| Future interest payments | (10,479,253) | (15,650,805) |
| Present value of finance lease obligations | 71,877,061 | 72,908,102 |

(expressed in Jamaican dollars unless otherwise indicated)

### 14. Lease Liabilities (Continued)

The present value of the lease obligations is as follows:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Current | 19,836,705 | 15,383,031 |
| Non-current | 52,040,356 | 57,525,071 |
| | 71,877,061 | 72,908,102 |

Lease liabilities for motor vehicles are effectively secured as the rights to the leased assets revert to the lessor in the event of default (Note 4).

The statement of comprehensive income includes the following amounts in relation to leases:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Interest expense (included in finance cost) | 10,876,091 | 7,711,664 |
| Expense relating to short-term leases (included in administrative expenses) | 2,685,959 | 1,246,121 |

There are no low value lease asset or variable lease payments included in lease liability.

### 15. Related Party Transactions and Balances

(a) Year end balances arising from transactions with related parties:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Amounts due from related parties - | | |
| Cool Airco Limited | 7,111,011 | 7,111,011 |
| CAC Foundation | 6,796,821 | 6,606,821 |
| ENRVATE | 6,504,099 | 4,818,778 |
| | 20,411,931 | 18,536,610 |
| Amounts due to related parties - | | |
| Cool Airco Limited | 25,969,235 | 32,344,674 |
| CAC Foundation | 3,000,000 | - |
| ENRVATE | 30,240 | - |
| | 28,999,475 | 32,344,674 |
| Net liabilities | (8,587,544) | (13,808,064) |

(expressed in Jamaican dollars unless otherwise indicated)

### 15. Related Party Transactions and Balances (Continued)

(b) During the period, the Company had the following significant transactions with related parties in the normal course of business:

| | 2023 $ | 2022 $ |
|---|---|---|
| Purchases - Cool Airco Limited | (8,236,899) | (71,772,439) |
| Administrative fees paid - Cool Airco Limited | (16,195,907) | (40,023,702) |

(c) Key management personnel compensation is as follows:

| | 2023 $ | 2022 $ |
|---|---|---|
| Salaries | 39,836,802 | 45,366,837 |
| Statutory contributions | 13,843,764 | 7,611,859 |
| Pension | 555,000 | 735,000 |
| | 54,235,566 | 53,713,696 |
| Directors' emoluments- | | |
| Fees | 2,262,500 | 2,025,000 |

### 16. Trade and Other Payables

| | 2023 $ | 2022 $ |
|---|---|---|
| Trade payable | 132,916,807 | 108,003,586 |
| Customer deposits | 248,427,796 | 122,215,156 |
| Statutory contributions | 4,539,034 | 4,148,148 |
| Accruals | 64,306,323 | 55,066,360 |
| Other | 95,049,103 | 66,487,685 |
| | 545,239,063 | 355,920,935 |

### 17. Revenue

The Company derives revenue from the transfer of services (over time) and equipment (point in time). Gross operating revenue includes the invoiced value of goods, installation and service and amounts recognised under construction contracts. Refer to Note 26 outlining revenue by segments.

# CAC 2000 Limited

Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

**18. Expenses by Nature**

Total distribution and administration expenses

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Directors fees | 3,982,813 | 4,429,167 |
| Staff costs (Note 17) | 190,904,760 | 219,192,894 |
| Audit fees | 5,342,544 | 6,330,544 |
| Expected credit loss, net | (18,167,284) | (5,929,316) |
| Amortisation-intangible asset (Note 5) | 2,119,513 | 1,811,879 |
| Depreciation – property, plant & equipment (Note 4) | 2,332,868 | 9,381,163 |
| Depreciation – right-of-use assets (Note 6) | 17,937,458 | 16,728,196 |
| Legal and professional fees | 30,711,048 | 63,223,582 |
| Promotion, advertising and entertainment | 2,060,713 | 5,438,489 |
| Repairs and maintenance of property, plant and equipment | 21,791,544 | 13,132,905 |
| Insurance | 21,186,685 | 19,714,078 |
| Occupancy, utilities and communication | 13,606,616 | 16,182,337 |
| Local and foreign travel | 3,615,128 | 1,242,764 |
| Office supplies and computer | 9,839,448 | 18,044,836 |
| Security service | 5,723,178 | 5,531,846 |
| Dues and subsriptions | 4,070,353 | 4,536,027 |
| Donations | 25,000 | - |
| Other | 19,194,632 | 11,663,815 |
| | 336,277,017 | 410,655,206 |

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 19. Staff Costs

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Administrative expenses - | | |
| Salaries and wages | 148,220,501 | 158,415,007 |
| Statutory contributions | 19,553,934 | 20,150,335 |
| Pension | 950,345 | 1,158,297 |
| Other | 15,789,769 | 27,294,744 |
| | 184,514,549 | 207,018,383 |
| Selling and distribution - | | |
| Salaries and wages | 1,367,807 | 5,397,601 |
| Commission | 4,063,027 | 4,862,422 |
| Statutory contributions | - | 692,564 |
| Pension | - | 52,501 |
| Other | 959,377 | 1,169,423 |
| | 6,390,211 | 12,174,511 |
| | 190,904,760 | 219,192,894 |
| Directors remuneration (Note 15) | 54,235,566 | 53,713,696 |
| Staff costs | 136,669,194 | 165,479,198 |
| | 190,904,760 | 219,192,894 |

## 20. Retirement Scheme

The Company participates in a contributory retirement scheme for employees who have satisfied certain minimum requirements. The scheme is accounted for as a defined contribution plan in the financial statements, that is, pension contributions are expensed as and when they fall due. The scheme is administered by The Scotia Jamaica Life Insurance Company Limited, a company domiciled in Jamaica.

The Company's contributions to the scheme for the year aggregated to $950,345 (2022 - $1,210,798).

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 21. Other Income

| | 2023 $ | 2022 $ |
|---|---|---|
| (Loss)/Gain on disposal of property, plant and equipment | (704,195) | - |
| Other | 124,065 | 34,851,807 |
| | (580,130) | 34,851,807 |

Other income includes profit share of Barbuda Project of $nil (2022 – $29,312,955**)**

## 22. Finance Costs

| | 2023 $ | 2022 $ |
|---|---|---|
| Interest on - | | |
| Bank loans | 20,480,751 | 7,740,146 |
| Finance lease | 10,876,091 | 7,711,663 |
| Interest on redeemable preference share | 16,561,644 | 18,683,475 |
| Other | 2,328,475 | (406,980) |
| | 50,246,961 | 33,728,304 |

(expressed in Jamaican dollars unless otherwise indicated)

## 23. Taxation

Taxation is based on net profit for the year adjusted for taxation purposes and represents income tax charged at 25%. The Company's shares were listed on the Junior Market of the Jamaica Stock exchange, effective January 7, 2016. Consequently, the Company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

| | |
|---|---|
| Years 1 to 5 | 100% |
| Years 5 to 10 | 50% |

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

| **Income Tax Expense** | **2023** | **2022** |
|---|---|---|
| **Current tax** | **$** | **$** |
| Current tax on profits for the year | - | 4,845,492 |
| **Total current tax expense** | - | 4,845,492 |
| | | |
| **Deferred income tax** | | |
| Decrease/(increase) in deferred tax assets | (14,274,204) | (4,024,493) |
| **Total deferred tax expense/(benefit)** | (14,274,204) | (4,024,493) |
| **Income tax expense** | (14,274,204) | 820,999 |

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 25% as follows:

| | **2023** | **2022** |
|---|---|---|
| | **$** | **$** |
| Profit before taxation | (112,504,810) | 21,221,506 |
| Tax calculated at a rate of 25% | (28,126,203) | 5,305,377 |
| Effect of: | | |
| Effect of excess depreciation over capital allowances | 7,378,113 | 1,054,932 |
| Expenses disallowed | 7,567,340 | 1,897,004 |
| Income and other gains not subject to tax | (298,273) | (531,798) |
| Other adjustments | (795,181) | (2,059,024) |
| | (14,274,204) | 5,666,491 |
| Adjustment for the effect of tax remission | - | (4,845,492) |
| | (14,274,204) | 820,999 |

Subject to agreement with Tax Administration Jamaica, the Company has tax losses carried forward of $120,712,842 (2022 – nil)

(expressed in Jamaican dollars unless otherwise indicated)

## 24. Earnings per Stock Unit

Earnings per ordinary stock unit, is calculated by dividing the profit attributable to shareholders by the weighted average number of stock units in issue during the year.

| | 2023 | 2022 |
|---|---|---|
| Net profit attributable to shareholders ($) | (98,230,606) | 20,400,507 |
| Weighted average number ordinary stock units in issue | 129,032,258 | 129,032,258 |
| Basic and diluted earnings per stock unit ($) | (0.76) | 0.16 |

## 25. Investment in Joint Ventures

Set out below are the associates and joint ventures of the group as at 31 October 2023 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| Name of Entity | Place of business/ country of incorporation | % of ownership interest | | Nature of relationship | Measure-ment method | Quoted fair value | | Carrying amount | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | | 2023 | 2022 | 2023 | 2022 |
| | | % | % | | | $ | $ | $ | $ |
| EnRvate Limited | Jamaica | 50 | 50 | Joint Venture | Equity Method | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| **Total equity-accounted investments** | | | | | | | | 5,000,000 | 5,000,000 |

1) EnRvate Limited was formed to design and sell energy solutions systems and services throughout the Caribbean region.

A commitment of $5,000,000 was made to provide funding for joint venture’s capital commitments.

The joint venture has not commence operation to date and as such has not incurred and income or expenditure.

The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not CAC 2000 Limited’s share of those amounts.

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 25. Investment in Joint Ventures (continued)

Summarised statement of financial position

| | 2022 and 2023<br>$ |
|---|---|
| **Current assets** | |
| Cash and cash equivalents | 5,000,000 |
| **Total current assets** | 5,000,000 |
| **Total assets** | 5,000,000 |
| **Current liabilities** | |
| Financial liabilities (excluding trade payables) | |
| Other current liabilities | - |
| **Total non-current liabilities** | - |
| **Total liabilities** | - |
| **Net assets/liabilities** | 5,000,000 |

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 26. Segment Financial Information

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the related industries.

| | 2023 | | | |
|---|---|---|---|---|
| | **Engineering** | **Residential Light and Commercial** | **Service** | **Total** |
| | **$** | **$** | **$** | **$** |
| External segment revenues | 548,541,200 | 88,591,697 | 185,910,179 | 823,043,076 |
| Segment gross profit | 52,945,571 | 91,019,814 | 131,874,510 | 275,839,895 |
| Timing of revenue recognition | | | | |
| At a point in time | 253,008,887 | 66,447,808 | 185,910,179 | 505,366,874 |
| Over time | 295,532,313 | 22,143,889 | - | 317,676,202 |
| | 548,541,200 | 88,591,697 | 185,910,179 | 823,043,076 |

| | 2022 | | | |
|---|---|---|---|---|
| | **Engineering** | **Residential Light and Commercial** | **Service** | **Total** |
| | **$** | **$** | **$** | **$** |
| External segment revenues | 788,116,708 | 117,307,361 | 205,394,195, | 1,110,818,264 |
| Segment gross profit | 226,647,221 | 103,353,571 | 100,983,886 | 430,984,678 |
| Timing of revenue recognition | | | | |
| At a point in time | 291,456,973 | 73,148,666 | 205,394,197 | 569,999,836 |
| Overtime | 496,659,733 | 44,158,695 | - | 540,818,428 |
| | 788,116,706 | 117,307,361 | 205,394,197 | 1,110,818,264 |

## 27. Financial Risk Management

The Company's financial risk management policies are directed by the Board of Directors, assisted by the management. The Company's activities expose it to credit related risks, liquidity risks and market risks that include foreign currency risks and interest rate risks.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The board of directors has monitoring oversight of the risk management policies.

Derivative financial instruments are not presently used to reduce exposure to fluctuation in interest and foreign exchange rates.

Annual budgeting and the continuing monitoring of the operations of the Company against the budgets allow the Board and the management to achieve its objectives and to manage relevant financial risks that could be faced by the Company.

### (a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risks mainly arise from changes in foreign currencies and interest rates. Market risk exposures are measured using sensitivity analysis.

#### (i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The main foreign currency risks of the Company are denominated in United States dollars (US$), which is the principal intervening currency for the Company; however, there are other transactions denominated in Great Britain Pound (GBP).

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities are kept at an acceptable level by monitoring the currency positions. The Company further manages the risk by maximizing foreign currency earnings and holding in foreign currency balances.

The table below summarized the currencies in which the Company's financial assets and liabilities are denominated at 31 October:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **US$** | **GBP** | **US$** | **GBP** |
| Cash and deposits | 27,035,204 | 986,759 | 27,432,846 | 944,521 |
| Trade and other receivables | - | - | - | - |
| Due (to)/from related parties | (18,858,224) | - | 7,111,011 | - |
| Trade and other payables | (130,162,285) | - | (85,205,700) | - |
| Net exposure | (121,985,305) | 986,759 | (50,661,843) | 944,521 |

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 27. Financial Risk Management (Continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

Foreign currency sensitivity analysis:
Average exchange rates for the US dollar, in terms of Jamaica dollars, were as follows:

| | US$ | GBP |
|---|---|---|
| At October 31, 2023 | 156.08 | 189.01 |
| At October 31, 2022 | 154.13 | 176.96 |

**Foreign currency sensitivity**
The following tables indicate the currencies to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 4% devaluation and 1% revaluation (2022 – 4% devaluation, 1% revaluation) of the respective foreign currencies. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar-denominated deposits, amounts due to/from related parties, receivables and payables. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on profit before taxation shown below is the total of the individual sensitivities done for each of the assets/liabilities.

| | Change in Currency Rate 2023 % | Effect on Profit before Tax 2023 $'000 | Change in Currency Rate 2022 % | Effect on Profit before Tax 2022 $'000 |
|---|---|---|---|---|
| **Currency:** | | | | |
| USD | 1% | 1,219,853 | 1% | 506,618 |
| USD | -4% | (4,879,412) | -4% | (2,026,474) |
| GBP | 1% | 9,868 | 1% | 9,445 |
| GBP | -4% | (39,470) | -4% | (37,781) |

The foreign currency sensitivities have varied due to the relative changes in the level of trade payables and related party balances held in foreign currency compared to that held for cash and bank deposits.

(expressed in Jamaican dollars unless otherwise indicated)

## 27. Financial Risk Management (Continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The Company manages its interest rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interests bearing financial assets are primarily represented by deposits, which have been contracted at fixed and floating interest rates for the duration of the term.

Financial liabilities subject to interest include primarily third party and related party loans which are contracted at fixed rates of interest.

The nature of the Company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period.

At the reporting date, the interest profile of the Company's interest-bearing financial instruments was:

| | Carrying Amount | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Fixed rate instruments | | |
| Financial assets | 32,326,903 | 31,618,887 |
| Financial liabilities | (157,694,655) | (236,837,111) |
| | (125,367,752) | (205,218,224) |
| Variable rate instrument | | |
| Financial liability | (250,000,000) | (200,000,000) |
| | (375,367,752) | (405,218,224) |

# CAC 2000 Limited

Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 27. Financial Risk Management (Continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk (continued)

**Sensitivity analysis for fixed rate instruments**
The Company's fixed rate financial instruments are not carried at fair value. Therefore, a change in interest rate would not affect the profit for the year.

**Cash flow sensitivity analysis for variable rate instruments**
Interest rate sensitivity has been determined based on the exposure to interest rates for the Company's short-term deposits, party loans at the end of reporting period as these are substantially the interest sensitive instruments impacting financial results.

A change of 25 (2022 - 150) basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

| | **2023 Effect on Profit before Tax** | | **2022 Effect on Profit before Tax** | |
|---|---|---|---|---|
| | **200bp Increase** | **50bp Decrease** | **100bp Increase** | **100bp decrease** |
| Cash flow sensitivity | 1,250,000 | 625,000 | 4,000,000 | 1,000,000 |

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk exposure arises principally from cash and deposits, short-term investment, and trade and other receivables.

In relation to bank accounts and short-term deposits, the Company has a policy to deal with credit worthy counterparty to minimize credit risk exposures. The credit risk on cash and cash equivalents is limited as the Company minimises this risk by seeking to limit its obligations to substantial recognised financial institutions. In respect of trade receivables, the risk is minimised by discontinuing the services and also by making adequate provisions for uncollectible amounts.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Company addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances. The average credit period extended by the Company is 30 days. No interest is charged on trade and other receivables. The Company has provided for receivables over 180 days after due assessment and as considered necessary, because historical experience is such that receivables that are past due beyond this period are generally difficult to collect.

**Impairment of financial assets**
The main type of financial asset subject to expected credit loss model is trade receivables.
Refer to Note 7 for details of credit exposure for trade receivable.

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

**27. Financial Risk Management (Continued)**

**(b) Credit risk (continued)**

The maximum credit exposure is represented by the carrying amount of the financial assets on the statement of financial position.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and other liquid assets and maintaining the availability of funding through an adequate amount of committed credit facilities.

**Liquidity risk management process**

Ultimate responsibility for liquidity risk management rests with the board of directors and management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual maturity for its non-derivative financial liabilities, including interest payments and excluding the impact of off-setting agreements.

| | 2023 | | | | |
|---|---|---|---|---|---|
| | **Carrying amount** | **Contractual cash flows** | **0 - 12 Months** | **1 – 2 years** | **2 – 5 years** |
| | **$** | **$** | **$** | **$** | **$** |
| Trade and other payables | 460,973,020 | 460,973,020 | 460,973,020 | | |
| Due to related parties | 28,999,475 | 28,999,475 | 28,999,475 | | |
| Borrowings | 335,817,593 | 428,678,749 | 112,737,439 | 42,717,026 | 273,224,284 |
| Lease liabilities | 71,877,061 | 83,122,743 | 25,974,572 | 53,015,941 | 4,132,230 |
| | 897,667,149 | 1,001,773,987 | 628,684,506 | 95,732,967 | 277,356,514 |

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

**27. Financial Risk Management (Continued)**

**(c) Liquidity risk (continued)**

| | 2022 | | | | |
|---|---|---|---|---|---|
| | **Carrying amount** | **Contractual cash flows** | **0 - 12 Months** | **1 – 2 years** | **2 – 5 years** |
| | **$** | **$** | **$** | **$** | **$** |
| Trade and other payables | 296,706,428 | 296,706,428 | 296,706,428 | - | - |
| Due to related parties | 32,344,674 | 32,344,674 | 32,344,674 | - | - |
| Borrowings | 363,929,009 | 369,066,954 | 367,534,037 | 769,345 | 763,572 |
| Lease liabilities | 72,908,102 | 88,558,907 | 21,927,996 | 23,572,595 | 43,058,316 |
| | 765,888,213 | 786,676,963 | 718,513,135 | 24,341,940 | 43,821,888 |

**(d) Capital risk management**

The capital structure of the Company consists of equity attributable to the equity holders comprising issued capital and retained earnings.

The Company’s objectives when managing its capital structure, which is a broader concept than the equity on the face of the statement of financial position are:

i) To safeguard the Company’s ability to continue as a going concern so that it can continue to provide returns for stakeholders; and

ii) Maintain a strong capital base to support the business development.

The Company’s overall strategy remains unchanged from 2022.

# CAC 2000 Limited
Notes to the Financial Statements
**31 October 2023**
(expressed in Jamaican dollars unless otherwise indicated)

## 28. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for some of the financial assets and liabilities of the Company, the fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at the end of the reporting period. Generally, judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Company would realise in a current market exchange.

The following method and assumption have been used in determining the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and deposits, trade and other receivables, trade and other payables and related party balances maturing within one year is assumed to approximate their fair value because of the short-term maturity of these instruments.

(b) Investments classified at fair value through profit and loss are measured at fair value by reference to quoted market prices.

(c) The fair value of bank loans is assumed to approximate their carrying amounts as interest rates are contractually adjusted by issuer with movement in underlying bank base rates.

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# Form of Proxy

I/We_______________________________________________________________________________

of ________________________________________________________________________________

being a member/members of the above named Company, hereby appoint

___________________________________________________________________________________

of_________________________________________________________________________________

or failing him _____________________________________________________________________

of__________________________________________________________ as my/our proxy to vote for me and on my behalf at the 2024 Annual General Meeting of CAC 2000 Limited to be held on 26 September 2024 at 3:00 p.m. and any adjournment thereof.

Signed this _________________ day of ____________________________2024

Signature ___________________________________ (Signature of primary shareholder)

Name: ______________________________________ (Name of primary shareholder)

Signature_____________________________________ (Signature of secondary shareholder)

Name: ______________________________________ (Name of secondary shareholder)


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231 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: 876-656-9200 Fax: 876-923-1785
Email: sales@cac2000ltd.com
Website: www.cacjamaica.com