



Lumber Depot Limited
17C Gordon Town Road, Papine
Kingston 6, Jamaica
Phone: (876) 977-5075
Fax: 876-970-1302
email: lumberdepotblue@gmail.com

Head Office
4 Victoria Avenue
Kingston CSO
Phone: 876-648-5976

On behalf of the board of directors of Lumber Depot Limited, I am pleased to share with you the results of our operations for year ended April 30, 2022. Lumber Depot had a strong year. Our profits increased by 27% to 184 million. Our revenues were up by 10% from \$1.429 billion to \$1.574 billion. Our shareholders equity increased by 48% to \$479 million.

Lumber Depot operates a full-service hardware store in Papine that serves the needs of large and small-scale building contractors, as well as homeowners doing construction projects, renovations and repairs. The Lumber Depot business has been in operation for over 20 years and during this time has established a market leading position in the communities we directly serve and a strong reputation for excellent service and good value across the wider corporate area.

Despite the challenges generally associated with trading during the COVID 19 pandemic, Lumber Depot has continued to trade positively and to deliver strong results. We are operating in the context of interest rate increases as well as commodity price increases and logistics challenges that have been made worse by the outbreak of war in Europe. Our strategy is to consistently offer competitive prices on our products and to maintain our service standards and inventory availability while prioritizing the safety of our customers and staff. We have been generally successful with this and in turn this has improved our standing with key customers.

We consider our location in Papine to be an important part of our success. Papine is a vibrant and fast-growing university community that also serves as a main access point to the St. Andrew hills. Our location is immediately outside the most trafficked part of the community, is purpose built and well established. Prior to this year, we occupied the property as a tenant. During the year we made the decision to acquire the property at a price in line with market value. We have now completed the purchase and we believe this will allow the business greater flexibility to develop and optimize the property while gaining security of tenure and reducing the expenses associated with lease payments.

Over the year ahead, we will continue to judiciously manage our cash and inventory levels with a view to improving shareholder returns while allowing the business to seize opportunities for investment and growth that we expect to arise in Jamaica when economic normalcy returns.

I thank our board, management and staff for their effective work in successfully managing through a challenging business environment to deliver strong results for shareholders.

Jeffrey Hall
Chairman
July 15,2022

LUMBER DEPOT LIMITED

FINANCIAL STATEMENTS

APRIL 30, 2022



KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
LUMBER DEPOT LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lumber Depot Limited ("the company"), set out on pages 7 to 42, which comprise the statement of financial position as at April 30, 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at April 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Jamaican Companies Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Page 2

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of
LUMBER DEPOT LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' 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 financial statements that give a true and fair view in accordance with IFRS and 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.



Page 3

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of
LUMBER DEPOT LIMITED

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 5 to 6, forms part of our auditors' report.



Page 4

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of
LUMBER DEPOT LIMITED

Report on additional matters 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 maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

KPMG

Chartered Accountants
Kingston, Jamaica

July 20, 2022



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of
LUMBER DEPOT LIMITED

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 auditors' 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 auditors' 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.



Page 6

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of
LUMBER DEPOT LIMITED

Appendix to the Independent Auditors' Report (continued)

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 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 related 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 auditors' 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.

LUMBER DEPOT LIMITEDStatement of Financial Position
As at April 30, 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
NON-CURRENT ASSETS			
Property, plant and equipment	4	179,835,007	21,490,560
Right of use asset	12(a)	-	70,374,173
Investments	5	<u>111,135,448</u>	<u>117,466,351</u>
		<u>290,970,455</u>	<u>209,331,084</u>
CURRENT ASSETS			
Cash and cash equivalents	6	82,808,589	142,661,918
Accounts receivable and prepayments	7	39,800,066	42,230,837
Inventories	8	167,852,845	131,598,689
Taxation recoverable		<u>1,821,875</u>	<u>802,592</u>
		<u>292,283,375</u>	<u>317,294,036</u>
CURRENT LIABILITIES			
Accounts payable	9	102,635,452	126,524,540
Due to related party	10(a)	1,873,618	4,393,739
Current portion of lease liability	12(b)	<u>-</u>	<u>7,930,409</u>
		<u>104,509,070</u>	<u>138,848,688</u>
NET CURRENT ASSETS		<u>187,774,305</u>	<u>178,445,348</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>\$478,744,760</u>	<u>\$387,776,432</u>
EQUITY			
Share capital	11	170,061,991	170,061,991
Retained earnings		<u>308,682,769</u>	<u>153,043,390</u>
		<u>478,744,760</u>	<u>323,105,381</u>
NON-CURRENT LIABILITIES			
Lease liability	12(b)	<u>-</u>	<u>64,671,051</u>
		<u>478,744,760</u>	<u>64,671,051</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES		<u>\$478,744,760</u>	<u>\$387,776,432</u>

The financial statements on pages 7 to 42 were approved for issue by the Board of Directors on July 20, 2022 and signed on its behalf by:



Noel Dawes Director



George Overton Director

The accompanying notes form an integral part of the financial statements.

LUMBER DEPOT LIMITEDStatement of Profit or Loss and Other Comprehensive Income
For the year ended April 30, 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Revenue	13	1,573,825,502	1,429,310,437
Cost of sales	14	<u>(1,233,511,236)</u>	<u>(1,135,860,850)</u>
Gross profit		340,314,266	293,449,587
Impairment losses on trade receivables reversed	7	2,588,044	3,173,921
Impairment losses on investment reversed	5(i),6(b)	844,263	1,957,028
Administrative and other expenses	14	<u>(165,374,290)</u>	<u>(154,220,143)</u>
		178,372,283	144,360,393
Other income	15	<u>12,771,189</u>	<u>3,224,864</u>
Profit before net finance income and taxation		191,143,472	147,585,257
Finance income	16	3,145,381	6,528,356
Finance costs	16	<u>(10,399,974)</u>	<u>(9,098,171)</u>
Net finance costs	16	<u>(7,254,593)</u>	<u>(2,569,815)</u>
Profit before taxation		183,888,879	145,015,442
Taxation	17	<u>-</u>	<u>(25,254)</u>
Profit for the period attributable to members, being total comprehensive income		<u>\$ 183,888,879</u>	<u>\$ 144,990,188</u>
Earnings per stock unit	19	<u>\$ 0.26</u>	<u>\$ 0.21</u>

The accompanying notes form an integral part of the financial statements.

LUMBER DEPOT LIMITEDStatement of Changes in Equity
For the year ended April 30, 2022

	<u>Share capital</u> (note 11)	<u>Retained earnings</u>	<u>Total</u>
Balances at April 30, 2020	\$170,061,991	22,177,952	192,239,943
Profit for the period, being total comprehensive income	-	144,990,188	144,990,188
Dividends paid (note 11c)	<u>-</u>	(14,124,750)	(14,124,750)
Balances at April 30, 2021	\$170,061,991	153,043,390	323,105,381
Profit for the period, being total comprehensive income	-	183,888,879	183,888,879
Dividends paid (note 11c)	<u>-</u>	(28,249,500)	(28,249,500)
Balances at April 30, 2022	<u>\$170,061,991</u>	<u>308,682,769</u>	<u>478,744,760</u>

The accompanying notes form an integral part of the financial statements.

LUMBER DEPOT LIMITEDStatement of Cash flow
For the year ended April 30, 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		183,888,879	144,990,188
Adjustments for:			
Depreciation	4,12(a)	10,544,609	12,909,821
Adjustment to property, plant and equipment	5	(3,985)	(449)
Interest income	16	(3,145,381)	(3,745,698)
Interest expense		1,064,497	2,872,431
Taxation	17	<u>-</u>	<u>25,254</u>
Cash generated before changes in working capital		192,348,619	157,051,547
Accounts receivable and prepayments		2,559,575	1,909,148
Inventories		(36,254,156)	(26,904,856)
Accounts payable		(23,889,088)	60,278,666
Due to related party		(2,520,121)	4,043,183
Taxation recoverable		<u>(1,019,283)</u>	<u>(695,975)</u>
Cash provided by operations		131,096,742	195,681,713
Taxation paid		<u>-</u>	<u>(10,008,321)</u>
Net cash provided by operating activities		131,096,742	185,673,392
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(165,935,268)	(8,537,835)
Sale/(purchase) of investments*		6,330,903	(16,740,332)
Interest paid		(1,064,497)	(2,872,431)
Interest received		<u>3,016,577</u>	<u>2,877,483</u>
Net cash used by investing activities		<u>(157,523,481)</u>	<u>(25,273,115)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(28,249,500)	(14,124,750)
Repayment of Long-term loan		-	(25,000,000)
Lease liability, net	12	<u>(5,177,090)</u>	<u>(7,696,319)</u>
Net cash used by financing activities		<u>(33,426,590)</u>	<u>(46,821,069)</u>
Net (decrease)/increase in cash and cash equivalents		(59,853,329)	113,579,208
Cash and cash equivalents at beginning of period		<u>142,661,918</u>	<u>29,082,710</u>
Cash and cash equivalents at end of period		<u>\$ 82,808,589</u>	<u>\$142,661,918</u>

*During the year, corporate bond matured in the amount of \$50 million and the funds were used to purchase property in the sum of \$10 million and the remaining \$40 million was reinvested in mutual funds.

LUMBER DEPOT LIMITED

Notes to the Financial Statements
Year ended April 30, 2022

1. Incorporation and identity

Lumber Depot Limited (the company) was incorporated and domiciled in Jamaica on July 30, 2019. The registered office of the company is located at 4 Victoria Avenue Kingston CSO, with retail outlet at 17c Gordon Town Road, Kingston 6. The company is listed on the Junior Market of the Jamaica Stock Exchange since December 16, 2019.

The main activities of the company comprise the sale of lumber, hardware supplies and related products.

The company commenced operations on August 1, 2019. Also, as at August 1, 2019 Blue Power Group Limited sold its' Lumber division to the company, and at that time certain assets and liabilities of the Lumber division were transferred at book value to the company (see note 3).

2. Basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

New and amended standards that became effective during the period

Certain new and amended standards which were in issue, came into effect during the current financial period. The adoption of these standards did not have any impact on the amounts recognized or disclosures in the financial statements.

New and amended standards issued that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards have been issued which are not yet effective at the reporting dates and which the company did not early adopt. The company has assessed them with respect to its operation and has determined that the following may be relevant:

- Amendments to IAS 16 *Property, Plant and Equipment*, effective for annual periods beginning on or after January 1, 2022, will mainly affect extractive and petrochemical industries and include the following guidance.

In the process of making an item of property, plant and equipment (PPE) available for its intended use, a company may produce and sell items – e.g. minerals extracted in the process of constructing an underground mine or oil and gas from testing wells before starting production. It provides guidance on the accounting for such sale proceeds and the related production costs.

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 *Inventories* should be applied in identifying and measuring these production costs.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued that are not yet effective (continued):

- Amendments to IAS 16 *Property, Plant and Equipment* (cont'd)

Companies will therefore need to distinguish between, costs associated with producing and selling items before the item of PPE is available for use, and costs associated with making the item of PPE available for its intended use. Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry may need to monitor costs at a more granular level.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to; disclose separately the sales proceeds and related production cost recognised in profit or loss, and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual accounting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual accounting periods beginning on or after January 1, 2022.

(i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued that are not yet effective (continued):

- Annual Improvements to IFRS Standards 2018-2020 (cont'd)
 - (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.
 - (iii) The amendments to IAS 41 *Agriculture* removes the requirement to exclude cash flows for taxation when *measuring* fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement*.
- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual *reporting* periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued that are not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are consistent with the refined definition of material:

“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued that are not yet effective (continued):

- Amendments to IAS 12 Income Taxes are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The company is assessing the impact that these new and amended standards will have on its financial statements when they are adopted.

(b) Basis of measurement and functional currency:

The financial statements are prepared using the historical cost basis (modified by certain items that are measured at fair value) and are presented in Jamaica dollars (\$), which is the functional currency of the company.

(c) Use of estimates and judgements:

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 and future periods if the revision affects both current and future periods.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

2. Basis of preparation (continued)

(c) Use of estimates and judgements (continued):

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) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual cash flows from a financial asset are solely payments of principal and interest (SPPI) on the principal amount requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

Allowance for impairment losses:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainty inherent in such estimates.

(iii) 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.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

2. Basis of preparation (continued)

(c) Use of estimates and judgements (continued):

(iv) Residual value and expected useful life of property, plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end. If expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

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.

3. Significant accounting policies

(a) Property, plant and equipment:

(i) Property, plant and equipment are measured at 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.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

(ii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates estimated to write down the cost of the assets to their estimated residual values at the end of their expected useful lives. No depreciation is charged on freehold land. Annual depreciation rates are as follows:

Building	2.5%
Leasehold improvements	10%
Machinery and equipment	10-20%
Furniture, fixtures and office equipment	10-20%
Computers	22.50%
Motor vehicle	20%

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

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

3. Significant accounting policies (continued)

(b) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and resale agreements.

Resale agreements are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. The difference between the purchase and resale considerations is recognised as interest income on the accrual basis over the period of the agreements, using the effective interest method.

(c) Inventories:

Inventories are measured at the lower of cost, determined on the weighted average basis, and net realisable value.

(d) Accounts receivable:

Trade and other accounts receivables are measured at amortised cost, less impairment losses [see note 3(g)].

(e) Accounts payable:

Trade and other payables are measured at amortised cost.

(f) Leases:

The company assesses whether a contract is or contains a lease based on the definition of a lease, as explained below.

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

As a lessee

Under IFRS 16, the company recognises right-of-use assets and lease liabilities on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any direct initial direct costs incurred and an estimate of costs to dismantle and remove underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

3. Significant accounting policies (continued)

(f) Leases (continued):

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

(g) Impairment:

Financial assets

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

The company measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information relevant and available without undue cost or effort.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

3. Significant accounting policies (continued)

(g) Impairment (continued):

Financial assets (continued)

This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward looking information.

The company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The company does not apply the low credit risk exemption to any other financial instruments.

The company recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to action such as realising security if any is held; or
- the financial asset is more than 90 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

3. Significant accounting policies (continued)

(g) Impairment (continued):

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss. Financial assets that are written off could still be subject to enforcement activities in order to comply with the company’s procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the company’s non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets’ carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

(h) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investments, cash and cash equivalents and accounts receivable. Financial liabilities comprise accounts payable and due to related party.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Amortised cost represents the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables

Due to their short-term nature, the company initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The company's financial liabilities, which include trade and other payables are recognised initially at fair value.

Financial assets and liabilities – Subsequent measurement and gains and losses:

Financial assets at FVTPL as subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(i) Employee benefits:

Employees' entitlement to annual leave and other benefits are recognised when they accrue to employees.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

3. Significant accounting policies (continued)

(j) Revenue:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

Revenue is recognised at a point in time in the amount of the price, before tax on sales and after deducting discounts and rebates, expected to be received by the company for sale of lumber, hardware supplies and related products in their ordinary activities, as performance obligations are fulfilled and the product is delivered to the customers. The invoices are generated and the revenue recognised at that point in time. Invoices are usually payable within 30 days.

Other income

Other income comprises mainly rental income. Revenue is recognised at a point in time as the rental service is provided.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The ‘amortised cost’ of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

3. Significant accounting policies (continued)

(k) Finance cost:

Finance cost comprises bank charges, foreign exchange losses and lease interest and is recognised in profit or loss.

(l) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is also recognised accordingly.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are measured at historical cost, are translated at the foreign exchange rates 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 measured at historical cost, are translated at the foreign exchange rates ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

3. Significant accounting policies (continued)

(n) 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 company (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 company 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.
 - (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 any member of a company of which it is a part provides key management services to the reporting entity or to the parent of the reporting entity.

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

(o) Fair value measurement:

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.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

3. Significant accounting policies (continued)

(o) Fair value measurement (continued):

The company has no financial instrument that is measured at fair value and where fair value of financial instruments approximates carrying value, no fair value computation is done.

The carrying values reflected in the financial statements for cash and cash equivalent, trade and other receivables, and trade and other payables are assumed to approximate fair value due to their relatively short-term nature.

The fair value of amounts due from related party are assumed to approximate carrying value.

(p) Segment reporting:

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company's activities are limited to the sale of lumber, hardware supplies and related products to Jamaican consumers, operating in a single segment, therefore no additional segment information is provided.

LUMBER DEPOT LIMITEDNotes to the Financial Statements (Continued)
Year ended April 30, 20224. Property, plant and equipment

	Land	Building	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers	Motor vehicle	Total
Cost:								
April 30, 2020	-	-	995,909	8,041,275	370,981	2,936,212	8,015,936	20,360,313
Additions	<u>-</u>	<u>-</u>	<u>569,016</u>	<u>7,882,819</u>	<u>86,000</u>	<u>-</u>	<u>-</u>	<u>8,537,835</u>
April 30, 2021	-	-	1,564,925	15,924,094	456,981	2,936,212	8,015,936	28,898,148
Additions	50,000,000	115,300,500	-	-	79,196	555,572	-	165,935,268
Disposals	<u>-</u>	<u>-</u>	<u>(1,564,925)</u>	<u>-</u>	<u>(42,707)</u>	<u>-</u>	<u>-</u>	<u>(1,607,632)</u>
April 30, 2022	<u>50,000,000</u>	<u>115,300,500</u>	<u>-</u>	<u>15,924,094</u>	<u>493,470</u>	<u>3,491,784</u>	<u>8,015,936</u>	<u>193,225,784</u>
Accumulated depreciation:								
April 30, 2020	-	-	61,519	1,206,357	58,479	668,009	1,034,055	3,028,419
Charge for the year	-	-	128,042	1,907,811	79,930	660,648	1,603,187	4,379,618
Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(449)</u>	<u>-</u>	<u>-</u>	<u>(449)</u>
April 30, 2021	-	-	189,561	3,114,168	137,960	1,328,657	2,637,242	7,407,588
Charge for the year	-	1,441,256	78,246	2,396,536	81,981	678,302	1,603,187	6,279,508
Adjustment	-	-	-	-	-	(3,985)	-	(3,985)
Disposal	<u>-</u>	<u>-</u>	<u>(267,807)</u>	<u>-</u>	<u>(24,527)</u>	<u>-</u>	<u>-</u>	<u>(292,334)</u>
April 30, 2022	<u>-</u>	<u>1,441,256</u>	<u>-</u>	<u>5,510,704</u>	<u>195,414</u>	<u>2,002,974</u>	<u>4,240,429</u>	<u>13,390,777</u>
Net book values:								
April 30, 2022	<u>\$50,000,000</u>	<u>113,859,244</u>	<u>-</u>	<u>10,413,390</u>	<u>298,056</u>	<u>1,488,810</u>	<u>3,775,507</u>	<u>179,835,007</u>
April 30, 2021	<u>\$ -</u>	<u>-</u>	<u>1,375,364</u>	<u>12,809,926</u>	<u>319,021</u>	<u>1,607,555</u>	<u>5,378,694</u>	<u>21,490,560</u>

LUMBER DEPOT LIMITEDNotes to the Financial Statements (Continued)
Year ended April 30, 20225. Investments

	<u>2022</u>	<u>2021</u>
Amortised cost:		
Corporate bonds:		
United States Dollars[US\$100,000 (2021: US\$100,000)] (i)	15,175,718	15,004,733
Jamaican Dollars	-	49,276,876
Fair value through profit and loss:		
Mutual Fund:		
United States Dollars [US\$ 264,853]	40,708,887	-
Jamaican Dollars	<u>55,250,843</u>	<u>53,184,742</u>
	<u>111,135,448</u>	<u>117,466,351</u>

(i) These are stated net of allowances for impairment losses of \$222,482 (2021: \$943,391).

6. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
Cash in hand	4,904,950	5,793,656
Cash in bank (a)	77,903,639	108,383,188
Resale agreements (b), (c)	<u>-</u>	<u>28,485,074</u>
	<u>\$82,808,589</u>	<u>142,661,918</u>

(a) Cash in bank include US\$211 (2021: US\$11,219) which earns interest at an average rate of 0.1% (2021: 0.025%) and J\$77,748,111 (2021: \$106,655,028).

(b) The fair value of securities obtained by the company under resale agreement approximates the carrying value of the agreements. This is stated net of allowance for impairment losses \$Nil (2021: \$123,354).

(c) The resale agreement is held with JN Fund Managers Limited and equates to US\$Nil (2021: US\$187,904) which earns interest at an average rate of 1.15% (2021: 2%).

7. Accounts receivable and prepayments

	<u>2022</u>	<u>2021</u>
Trade receivables (i)	48,168,790	50,934,647
Less: Allowances for impairment losses (ii)	<u>(14,522,660)</u>	<u>(17,110,704)</u>
	<u>33,646,130</u>	<u>33,823,943</u>
Deposits and prepayments	5,464,330	5,324,014
Other	<u>689,606</u>	<u>3,082,880</u>
	<u>\$39,800,066</u>	<u>\$42,230,837</u>

(i) Included in trade receivables is \$2,313,662 (2021: \$3,382,126) due from related parties in the ordinary course of business.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

7. Accounts receivable and prepayments (continued)

- (ii) Allowances are determined upon origination of the trade accounts receivable based on the ECL model.

Under the ECL model, the company uses accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 9 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. A weighted average ECL rate is used as at April 30, 2022 to apply against the accounts receivable balance [note 20 (b)].

Movement in trade receivables impairment allowance is as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance as at May 1	17,110,704	20,284,625
Impairment loss reversed	(2,588,044)	(3,173,921)
Balance as at April 30	<u>14,522,660</u>	<u>17,110,704</u>

8. Inventories

	<u>2022</u>	<u>2021</u>
Merchandise	163,389,848	127,064,221
Goods in transit	<u>6,296,591</u>	<u>5,624,283</u>
	169,686,439	132,688,504
Less: Allowance for impairment	(1,833,594)	(1,089,815)
	<u>\$167,852,845</u>	<u>131,598,689</u>

No provision has been made in these financial statements for other expenses to be incurred in clearing goods-in-transit.

During the period, merchandise inventories included in cost of revenue amounted to \$1,227,239,780 (2021: \$1,133,213,442).

9. Accounts payable

	<u>2022</u>	<u>2021</u>
Trade payables	69,271,540	86,135,561
Audit fee accruals	4,700,000	3,400,000
Statutory payables	3,472,022	1,414,411
Customer deposit	4,111,577	15,080,435
GCT payables	3,343,265	1,164,765
Bonus provision	3,992,902	6,237,017
Goods in transit	6,296,591	6,467,925
Other payables	<u>7,447,555</u>	<u>6,624,426</u>
	<u>\$102,635,452</u>	<u>126,524,540</u>

Included in trade payables is amount of \$11,617,988 (2021: \$25,018,999) due to a related party.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

10. Due from/(to) related party and related party transactions

	<u>2022</u>	<u>2021</u>
(a) Due to related party:		
Due to related party within 12 months:		
Blue Power Group Limited	(<u>1,873,618</u>)	(<u>4,393,739</u>)
(b) Related party transactions:		
	<u>2022</u>	<u>2021</u>
	\$	\$
Charged/(credited) to income:		
Sales to related parties	(22,934,533)	(11,980,493)
Purchase from related party – Blue Power Group Limited	171,299,860	100,580,641
Purchase of property from related party – Cotrade Limited	(164,000,000)	-
Key management personnel expense	(<u>32,506,654</u>)	(<u>23,720,460</u>)

11. Share capital

	<u>2022</u>	<u>2021</u>
Authorised:		
Unlimited ordinary shares of no par value		
Stated capital:		
Issued and fully paid:		
706,237,500 Ordinary stock units of no par value	\$ <u>170,061,991</u>	<u>170,061,991</u>

- (a) On incorporation the company issued 564,990,000 shares of no par value for a consideration of \$564,991.
- (b) In December 2019, the company issued 141,247,500 stock units at \$1.20 per stock unit for a consideration of \$169,497,000.
- (c) The company declared and paid dividend of 4 cents (2021: 2 cents) per stock unit during the year.

12. Lease

In prior year the company leased a property to facilitate the sale of its products for a period of five (5) years. The lease included an option to renew after the initial lease period has ended. It is expected that in the normal course of business that when the lease has expired it will generally be renewed or replaced by a similar lease. Lease payments are renegotiated after the end of the contract period to reflect market rentals. During the year, the lease was terminated and the property purchased by Lumber Depot Limited from Cotrade Limited, a related party (see note 4).

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

12. Lease (continued)

Information about leases for which the company is a lessee is presented below:

(a) Right-of-use asset – Property

	<u>2022</u>	<u>2021</u>
Balance as at May 1	70,374,173	78,904,376
Addition to right-of-use-asset	-	-
Depreciation charge for the period	(4,265,101)	(8,530,203)
Derecognition of right-of-use-asset	<u>(66,109,072)</u>	<u>-</u>
Balance as at April 30	<u>-</u>	<u>70,374,173</u>

(b) Lease liability:

Maturities analysis- contractual undiscounted cash flows:

	<u>2022</u>	<u>2021</u>
Less than one year	-	10,000,000
Two to five years	-	49,514,370
Over five years	<u>-</u>	<u>22,505,528</u>
Total undiscounted lease liability at April 30	-	82,019,898
Less: Discount	<u>-</u>	<u>(9,418,438)</u>
	<u>\$ -</u>	<u>72,601,460</u>

Lease liability included in the statement of financial position at 30 April:

	<u>2022</u>	<u>2021</u>
Current	-	7,930,409
Non-current	<u>-</u>	<u>64,671,051</u>
	<u>\$ -</u>	<u>72,601,460</u>

(c) Amount recognised in profit or loss

	<u>2022</u>	<u>2021</u>
Interest on lease liability	1,064,497	2,303,681
Depreciation of right -of-use asset	<u>4,265,101</u>	<u>8,530,203</u>
	<u>5,329,598</u>	<u>10,833,884</u>

(d) Amount recognised in the statement of cash flows

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$(5,177,090)</u>	<u>(7,696,319)</u>

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

13. Revenue

Revenue represents the sale of construction and related hardware supplies and is stated net of General Consumption Tax and after deducting discounts and rebates.

14. Expenses by nature

	<u>2022</u>	<u>2021</u>
Cost of:		
Wharfage, freight and customs	5,527,678	4,313,010
Cost of goods sold	1,227,239,780	1,131,974,104
(Increase in)/reversal of provision for damaged goods	<u>743,778</u>	<u>(426,264)</u>
	<u>1,233,511,236</u>	<u>1,135,860,850</u>
Administrative expenses:		
Advertising and promotion	107,360	842,414
Audit fees	5,250,000	3,400,000
Depreciation	10,544,609	12,909,821
Insurance	5,463,641	5,260,609
Management fees (note 18)	16,745,420	17,106,940
Miscellaneous	1,784,386	1,239,557
Office expenses	6,064,224	6,627,408
Professional fees	11,461,231	8,261,350
Rental expenses	3,500,000	-
Repairs and maintenance	4,225,772	6,431,159
Salaries and wages	79,190,407	73,629,837
Statutory contributions	8,761,876	7,375,202
Security	6,474,024	4,300,817
Taxes, penalties and levy	1,226	11,100
Travel and motor vehicle costs	2,947,036	4,478,497
Utilities	<u>2,853,078</u>	<u>2,345,432</u>
	<u>\$ 165,374,290</u>	<u>154,220,143</u>

15. Other income

	<u>2022</u>	<u>2021</u>
Rental Income	5,954,124	731,347
Customer deposits written back	3,360,657	-
Appreciation on investments in mutual funds	2,214,820	2,493,517
Other income	<u>1,241,588</u>	<u>-</u>
	<u>12,771,189</u>	<u>3,224,864</u>

LUMBER DEPOT LIMITEDNotes to the Financial Statements (Continued)
Year ended April 30, 202216. Net finance costs

	<u>2022</u>	<u>2021</u>
Finance income:		
Interest income	3,145,381	3,745,698
Foreign exchange gain	-	<u>2,782,658</u>
	<u>3,145,381</u>	<u>6,528,356</u>
Finance costs:		
Bank charges and fees	(7,686,405)	(6,225,740)
Interest expense	(1,064,497)	(2,872,431)
Foreign exchange losses	<u>(1,649,072)</u>	-
	<u>(10,399,974)</u>	<u>(9,098,171)</u>
	<u>\$ (7,254,593)</u>	<u>(2,569,815)</u>

17. Taxation

- (a) The expense is based on the profit for the period adjusted for tax purposes and is made up as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Tax expenses:		
Income tax for current year	<u>-</u>	<u>-</u>
Income tax for prior year	<u>-</u>	<u>25,254</u>

- (b) Reconciliation of actual tax charge/(credit):

	<u>2022</u>	<u>2021</u>
Profit before taxation	<u>\$183,888,879</u>	<u>145,015,442</u>
Computed "expected" tax at 25%	45,972,220	36,253,861
Tax effect of differences between treatment for financial statement and taxation purposes:		
Depreciation and capital allowances, net	2,636,153	2,328,828
Allowance for impairment	(918,429)	(1,709,146)
Leases	266,124	575,920
Expenses allowable for tax purposes	(1,987,996)	(4,911,764)
Expenses not allowable for tax purposes	<u>1,976,507</u>	<u>847,183</u>
	47,944,579	33,384,882
Adjustment for the effect of tax remission [note (c)]	<u>(47,944,579)</u>	<u>(33,384,882)</u>
	<u>\$ -</u>	<u>-</u>

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

17. Taxation (continued)

(c) Remission of income tax:

The company's shares were listed on the Junior Market of the Jamaica Stock exchange, effective December 16, 2019.

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 retain the benefit of tax remissions for the period when listed to the reporting period end.

18. Disclosure of expenses

Profit attributable to shareholders is stated after charging:

	<u>2022</u>	<u>2021</u>
	\$	\$
Directors' emoluments:		
Fees	3,250,000	1,800,000
Management remuneration	32,506,654	23,720,460
Management fee (note 14)	16,745,420	17,106,940

19. 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 period.

	<u>2022</u>	<u>2021</u>
Profit attributable to shareholders	\$ <u>183,888,879</u>	<u>144,990,188</u>
Weighted average number ordinary stock units in issue	<u>\$706,237,500</u>	<u>706,237,500</u>
Earnings per stock unit	\$ <u>0.26</u>	<u>0.21</u>

20. Financial instruments

The company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

20. Financial instruments (continued)

The Board of Directors, together with management, has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's 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 company's activities.

(a) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company is exposed to foreign currency risk, primarily on purchases that are denominated in a currency other than the Jamaica dollar. The main currency giving rise to this risk is the United States dollars (US\$).

The company manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

The table below shows the company's main foreign currency exposure at the reporting date.

	<u>2022</u>		<u>2021</u>	
	<u>US\$</u>	<u>J\$</u>	<u>US\$</u>	<u>J\$</u>
Cash and cash equivalents	881	135,528	199,124	30,316,586
Investments	100,000	15,378,000	100,000	15,225,000
Mutual Fund	264,853	40,729,094	-	-
Interest receivable	<u>840</u>	<u>128,804</u>	<u>83</u>	<u>12,619</u>
Net position	<u>366,574</u>	<u>56,371,426</u>	<u>299,207</u>	<u>45,554,205</u>

Exchange rates for the US dollar, in terms of Jamaica dollars (\$), were as follows:

April 30, 2022	\$153.78
April 30, 2021	\$152.25

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

20. Financial instruments (continued)

(a) Market risk (continued):

(i) Currency risk (continued):

Sensitivity analysis

A 8% strengthening (2021: 6%) of the US\$ against the Jamaica dollar would have increased profit for the year by 4,509,714 (2021: \$2,733,252).

A 2% weakening (2021: 2%) of the US\$ against the Jamaica dollar would have decreased profit for the year by 1,127,429 (2021: \$911,084).

The analysis assumes that all other variables, in particular interest rates, remain constant.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest-bearing financial assets mainly comprise bank deposits and resale agreements, which have been contracted at variable interest rates for the duration of their terms.

The company's cash and cash equivalents are subject to interest rate risk; however, it manages this risk by maintaining deposits and negotiating the most advantageous interest rates. Interest rates on certain loan are fixed and are not affected by fluctuations in market interest rates.

At the reporting date the interest profile of the company's interest bearing financial instruments was:

	<u>2022</u>	<u>2021</u>
	\$	\$
Fixed rate:		
Assets	<u>15,521,273</u>	<u>93,833,428</u>
Variable rate:		
Assets	<u>-</u>	<u>94,482,559</u>

Fair value sensitivity analysis for fixed rate instruments

The company's financial instruments that are carried at fair value are mutual fund investments. Therefore, a change in interest rates, at the reporting dates, would not affect profit or equity at the reporting date.

Cash flow sensitivity analysis for variable rate instruments

An increase/(decrease) of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit by \$Nil (2021: \$944,826).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

20. Financial instruments (continued)

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit exposures arise principally from the company's receivables from customers and deposits held with financial institutions.

At reporting date, 98% of the company's cash resources were held with one financial institution which is believed to be a substantial counter-party with a minimal risk of default. Otherwise, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial assets on the statement of financial position.

The COVID-19 pandemic has caused significant market volatility which may increase the company's credit risk. The increase in inflation rate, interest rates, unemployment rate and decrease in gross domestic products could result in an increase in the credit risk of cash and cash equivalents, investments and trade receivables.

Cash and cash equivalents and investments

Cash and cash equivalents and investments are maintained with financial institutions that are appropriately licensed and regulated, therefore management believes that the risk of default is low.

Impairment on cash and cash equivalents has been measured at 9 months expected loss basis and reflects the short maturities of the exposures. The company considered that cash and cash equivalents have low credit risk. Impairment allowances of \$Nil (2021:\$ 123,354) was recognised on repurchase agreements as at the reporting period.

Impairment on investments has been measured on the 12-months expected loss basis. Information about the credit risk and quality of these financial assets are as follows:

	<u>2022</u> Stage 1 12-month ECL	<u>2021</u> Stage 1 12-month ECL
Gross carrying amount	15,398,200	65,225,000
Less: impairment allowance	(222,482)	(943,391)
	<u>\$15,175,718</u>	<u>64,281,609</u>

Trade receivables

Management has established a credit policy under which its customers are analysed for creditworthiness prior to being offered with a credit facility. This includes credit evaluations on new customers and procedures for the recovery of amounts owed by defaulting customers. Management has procedures in place to restrict credit sales if the customers have not cleared outstanding debts within the credit period. In monitoring customer credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or company, or aging profile and existence of previous financial difficulties.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
 Year ended April 30, 2022

20. Financial instruments (continued)

(b) Credit risk (continued):

Trade receivables (continued)

The company's average credit period on the sale of its products is 30-60 days. Some trade receivables are provided for based on the estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries. Management also considers the factors that may influence the credit risk of the customer base, including the default risk associated with the industry and country in which the customers operate. The customer is allowed up to 90 days after each invoice date to submit payment of amounts owing to the company.

The company uses a provision matrix to measure ECLs on trade receivables. The provision matrix is based on the historical observed default rates adjusted by forward-looking indicators.

The following table provides information about the exposure to credit risk and ECL for trade receivables for the reporting date (see note 7).

2022				
Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	9.8%	36,402,416	3,823,011	No
Past due 91 - 180 days	45.5%	2,188,964	1,122,239	No
Past due 181 - 270 days	100%	1,271,865	1,271,865	Yes
More than 270 days	100%	<u>8,305,545</u>	<u>8,305,545</u>	Yes
		<u>48,168,790</u>	<u>14,522,660</u>	
2021				
Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	9.4%	35,016,542	4,183,674	No
Past due 91 - 180 days	38.7%	6,582,103	3,591,028	No
Past due 181 - 270 days	100%	4,187,566	4,187,566	Yes
More than 270 days	100%	<u>5,148,436</u>	<u>5,148,436</u>	Yes
		<u>\$50,934,647</u>	<u>17,110,704</u>	

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

20. Financial instruments (continued)

(c) Liquidity risk:

Liquidity risk is the risk that the company will not meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments, and has a revolving line of credit in place on which the company can draw amounts when needed and repay without penalty.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Less than a year</u>	<u>1-5 years</u>
April 30, 2022:				
Financial liabilities:				
Accounts payable	102,635,452	102,635,452	102,635,452	-
Due to related parties	1,873,618	1,873,618	1,873,618	-
Lease liability	-	-	-	-
	<u>\$104,509,070</u>	<u>104,509,070</u>	<u>104,509,070</u>	<u>-</u>
April 30, 2021:				
Financial liabilities:				
Accounts payable	126,524,540	126,524,540	126,524,540	-
Due to related parties	4,393,739	4,393,739	4,393,739	-
Lease liability	<u>72,601,460</u>	<u>82,019,898</u>	<u>10,000,000</u>	<u>72,019,898</u>
	<u>\$203,519,739</u>	<u>212,938,177</u>	<u>140,918,279</u>	<u>72,019,898</u>

(d) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors, other than financial risks, such as those arising from legal, regulatory requirements and other natural disasters.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

20. Financial instruments (continued)

(e) Capital management:

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements.

The Board of Directors monitors the return on capital, which is defined as profit for the period divided by total stockholders' equity.

The company is not subject to any externally imposed capital requirements.

(f) Fair value disclosure:

The carrying value of cash and cash equivalents, accounts receivable and prepayments, due to related party and accounts payable are assumed to approximate their fair values due to their short-term nature.

The fair value of long-term investments and resale agreements, classified as amortised cost, are assumed to approximate to carrying value. The fair value of mutual funds investment is determined in the manner described in note 3(h) and 3(o) and fair values are disclosed in notes 5 and 6.

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Mutual funds are valued using the pricing information received from the relevant fund manager.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The company considers relevant and observable market prices in its valuations where possible.

The fair values of mutual fund are classified as level 2. The company has no level 1 or 3 financial assets carried at fair value.

LUMBER DEPOT LIMITED

Notes to the Financial Statements (Continued)
Year ended April 30, 2022

21. Impact of the COVID-19 Pandemic

Since the World Health Organization in March 2020 declared the novel coronavirus, COVID-19, as a global pandemic, as a first step, the company had instituted measures at its operating locations to safeguard and protect its' stakeholders by not only providing information to its' employees, business partners and clients but equipping all personnel with supplies to prevent infection and establishing protocols to access its' premises.

In addition, the company have been working with its' staff to ensure common areas are thoroughly cleaned and sanitized. Two cases of COVID-19 among the staff were reported during the financial year. In both cases protocol was strictly maintained without any dislocation of the company's operations and the welfare of the staff. These measures have remained in place and it is reported, will be closely followed to ensure uninterrupted flow of the business. The company's management convened meetings in which the impact to its' business is assessed and measures are discussed to minimise the negative impact on its ongoing operations.

While these circumstances persisted, the company's receivables could be affected mainly driven by the increased credit risk to higher delinquency levels, increased liquidity risk due to lower cash inflows from customer repayments. The company did not experience any adverse impact on its collections as the customers continued to pay within the allowed credit period.

Management continues to monitor the effect of developments arising from the pandemic on the risks faced by the company. In the review of the pandemic's effect on the company's business since the reporting date, management has not identified any material adverse impact on the company's operations.



April 30, 2022

TOTAL SHARES OUTSTANDING:
706,237,500

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
NOEL DAWES*	SELF	16,627,150	2.3543
VIKRAM DHIMAN	SELF	100,000	0.0142
SYMONE MAYHEW**	SELF	100,000	0.0142
LISA KONG	SELF	100,000	0.0142
GEORGE OVERTON	SELF	100,000	0.0142
JEFFREY HALL (SWEE TEEN CHUA)***	SELF	0	0.0000
PAUL SCOTT****	SELF	0	0.0000
MELANIE SUBRATIE****	SELF	0	0.0000
*KAREL DAWES	CONNECTED PARTY	38,070	0.0054
**RICHARD MAYHEW	CONNECTED PARTY	176,495	0.0250

TOP 11 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)	UNITS	PERCENTAGE
STONY HILL CAPITAL LIMITED****	116,189,064	16.4518
BLUE POWER GROUP LIMITED***	116,189,064	16.4518
J KENNETH BENJAMIN & SHEILA BENJAMIN	59,954,650	8.4893
MARY J. FRAY	30,954,000	4.3829
JN FUND MANAGERS LIMITED	23,919,341	3.3869
QWI INVESTMENTS LTD	17,783,269	2.5180
NOEL DAWES	16,627,150	2.3543
PAM -POOLED EQUITY FUND	15,393,510	2.1797
THE MAYBERRY FOUNDATION LTD.	10,000,000	1.4160
JPS EMPLOYEES SUPERAN. FUND		
-PRIME ASSET MANAGEMENT	9,214,510	1.3047
BRIAN JOHN VAUGHN MILLINGEN	8,311,000	1.1768

TOTAL UNITS OWNED BY TOP 11	424,535,558	60.1123
------------------------------------	--------------------	----------------