2021 ANNUAL REPORT

CAC
AIR CONDITIONING & ENERGY SOLUTIONS EXPERTS

Perfecting the BALANCE

INNOVATION • ENERGY • ENVIRONMENT • HEALTH

INNOVATION | ENVIRONMENT | HEALTH

PEOPLE | PERFORMANCE | DRIVE

EFFICIENCY | FUNCTION | COST

CAC AIR CONDITIONING & ENERGY SOLUTIONS EXPERTS

Purpose

Improving People's Lives

Mission

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

Vision

Excelling as the leading experts on energy and indoor environmental quality.

Values

Accuracy • Wellbeing: Life Balance & Commitment • Excellence & Enthusiasm • Technical Expertise & Teamwork • Respect • Integrity & Innovation • Problem Solving

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 2022 Annual General Meeting of CAC 2000 Limited ("the Company") will be held on **Thursday, September 22, 2022 at 3:00 p.m.** at the CAC 2000 Ltd, 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 October 31st, 2021 and to consider and (if thought fit) pass the following resolution**

   Resolution No. 1: "That the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended October 31, 2021 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 No. 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. **To approve Dividend:.**

   Resolution No. 3: "That a dividend payment of 3.5 cents ($0.035) per stock unit be payable on May 16, 2022 to shareholders on record as at April 14, 2022 be and is hereby approved".

4. **The Directors, Ms. Gia Abraham, Mr. Colin Roberts, Mr. Simon Roberts, Mr. Anthony Shaw and Ms. Katherine Francis shall retire from office and being eligible offered themselves for re-election. To consider and (if thought fit) pass the following resolutions:**

   Resolution No. 4: To approve the election and 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 Ms. Gia Abraham be and is hereby re-elected a Director of the Company."

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

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

   d. "That retiring Director Mr. Anthony Shaw be and is hereby re-elected a Director of the Company."

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

5. To transact any other special business.

BY ORDER OF THE BOARD OF DIRECTORS

Gia Abraham, *Company Secretary*

DATED THIS 29TH DAY OF MARCH 2022

Note: A member entitled to attend, and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A special Resolution requires a three-quarter majority vote of the members and will be filed with the Companies Office of Jamaica.

Company 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".

World-leading technology

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 HVAC market, we are also one of the few Grade 1 contractors (and also a Grade 1 Mechanical Works and Grade 2 Electrical Works).

Giving back

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.

New ventures

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.

Chairman's Message

After leading CAC 2000 Limited (CAC) for over 26 years, it was bittersweet for me to hand over the helm of CAC to the new CEO, Gia Abraham on January 1, 2021. Having built CAC, taking it public and then weathering the surprising loss of the lawsuit, the road construction and then the COVID-19 pandemic, it was time for change. Gia had previously led the expansion of the Service Department, improved HR initiatives, redefined our vision and mission while aligning the team, and selected and managed the successful implementation of the new ERP system.

She, along with her management team bring a youthful energy, agility, and excitement to the new CAC and the 2021 audited numbers, despite the company being setback by the operational changes due to curfews and resource constraints, already demonstrate improvements in the bottom line and cashflows and I point you to the Management Discussion and Analysis and audited accounts for more information.

Let me share a little bit more about some of my plans for 2022 and beyond as I continue to support CAC (as Executive Chairman):

Mentoring CEO and Team

Whilst the team is more than capable, I remain available to them for support and guidance as they grow. This will be on a needs-be basis.

Building Enrvate

Enrvate is a joint venture with Tropical Battery formed to drive our expansion in the energy (and air conditioning) business. We see this venture as a much-needed service offering to support Jamaican businesses as we strive to be a more energy efficient and environmentally conscious nation. The recent price jumps in oil and natural gas, caused by the attacks on Ukraine, remind us how fragile a world we live in and that we should strive to reduce our dependence on these polluting products.

Real Estate

I will be concentrating on potential joint ventures with developers and construction partners as well as looking into mergers and acquisitions for new office spaces for CAC.

Regional Expansion

We will be reigniting our regional thrust given the positive outlook for 2022 and the reemergence of building projects regionally.

Barbuda Project

After the pandemic slowdown the work in Barbuda has restarted and equipment and materials are being delivered to the site. We anticipate a growth in activities over the next few years.

Board of Directors

We unfortunately experienced some board resignations and the plan is to identify and add new board members (3 were added in December) to provide the necessary support to the new management team. We appreciate all that our current board of directors has done to get us to this point and are grateful for their invaluable contributions.

Like the rest of you I hope and pray that 2022 will be the end of the pandemic phase of COVID-19 but can assure you that CAC will rise like the Phoenix (also our code word for the ERP implementation) better and stronger than we were before and focused on living our vision "Excelling as the leading experts on energy and indoor environmental quality".

Steven Marston
Executive Chairman

CORPORATE DATA

Executive Directors
Chairman/CEO: Steven D. Marston
COO/Company Secretary: Gia Abraham
CTO/Director: Colin Roberts

Non-executive Directors
Edward Alexander
Patrick Smith
Richard Powell

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

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Balancing
INNOVATION
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The Board of Directors

Steven Marston

B.Sc. (Hons.) in Environmental Engineering, MSc. in Energy Management and Policy. [appointed July 24th, 2000]. Executive Director and Chairman

Mr. Marston has worked in the air conditioning and energy business for over three decades. He began his career as an Alternative Energy Engineer at the Ministry of Mining and Energy, and later went on to hold a series of managerial positions. In 1985 he was appointed Lead Engineer at PCJ Engineering Limited, in 1990 he was Managing Director of Enertech Limited, and finally he was appointed Managing Director at Conditionedair & Associated Contractors (then owned by the ICD Group) in 1993. Part of his employment deal involved an option to purchase 49% of the company which was exercised a few years later.

In 1996, Mr. Marston was appointed Vice-President of the Development and Construction Division of the Mechala Group (now the ICD Group). In 2000, he completed a management buy-out of the remaining 51% of the shares of the company (renamed CAC 2000) and became the Chairman, Chief Executive Officer and majority beneficial owner. Since then he has lead it steadfastly to become the successful company that it is today.

Mr. Marston is a Registered Professional Engineer (P.E.) in Jamaica and a Chartered Engineer (C.Eng.) in the United Kingdom. He is a proud member of the Jamaica Institution of Engineers (M.J.I.E), the American Society for Heating Refrigeration and Air Conditioning Engineers (MASHRAE) and a fellow of the Institution of Mechanical Engineers (F.IMechE).

Gia Abraham

BSc. in Biology, C.Dir, M.C.I.D, Executive Director & Chief Executive Officer

Ms. Abraham worked for over 10 years in the banking industry starting with Royal Bank of Canada in Toronto. In 1996, she decided to leave her post as a Personal Investment Banker and return to Jamaica where she joined the Canadian Imperial Bank of Commerce (CIBC) in the area of training and development. This entailed the roll out of the new processes and procedures developed to the branches island wide, in 1997 Ms. Abraham was seconded to a regional team located in Barbados to work on a new banking platform for regional implementation. In March of 2000, Ms. Abraham chose to leave the banking world and join her husband in a new venture called CAC 2000 Limited.

Ms. Abraham spearheaded the formation of CAC 2000 Foundation in May 2016, and presently holds the position of CEO. The Foundation is her pride and joy as she believes that Social Responsibility especially in the area of education and disability, is one of the key things all companies should be involved in as a means of Improving Peoples' Lives.

She was most recently appointed CEO in January 2021 (promoted from COO), just in time to lead the implementation of a new ERP system at CAC, and expects to complete her graduate Harvard Business School Owner President Manager (OPM) program in early 2022.

Colin Roberts

B.Sc. (Hons.) in Electrical and Computer Engineering, MBA. [appointed July 24th, 2000]. Executive Director and Director – Sales and Engineering

Colin Roberts' career in engineering commenced in 1987 as Trainee and then District Engineer (Saint Catherine) at The Jamaica Public Service Company Limited.

In 1991, Mr. Roberts joined the Seprod Group of Companies in the capacity of Electrical Maintenance Engineer and Electrical Project Engineer. He later become the Maintenance Manager and Maintenance Director at LOJ Property Management Limited gaining substantial experience with design and maintenance of air conditioning and related systems in commercial buildings. In late 1993, he was invited to join Conditionedair & Associated Contractors (CAC) as a shareholder and its Technical Manager.

In 2000, Mr. Roberts joined Steven Marston in purchasing the remaining interest in CAC and forming CAC 2000 Ltd. and assumed the position of Chief Technical Officer and has recently become the Company's Director – Sales and Engineering.

Mr. Roberts manages the estimations and execution of many of the Company's projects. He has further honed these skills through the Key Executive Program at the Harvard Business School and Leadership Development course at Kellogg School of Management.

Edward Alexander

BSc. in Mechanical Engineering, MSc. in Energy Management and Policy [appointed October 3rd, 2012] Lead Independent Director

Edward (Teddy) Alexander is the founder and Executive Chairman of tTech Limited ("tTech"), Jamaica's first Managed IT Service Provider, and is regarded as a visionary in the field of Information Technology.

This very capable IT specialist and business executive established tTech in 2006 after an 18 year career with GraceKennedy Limited, where he served as a Director and the company's Chief Information Officer. His IT career spans more than three decades. During the 1980's he worked in the alternative energy field at the Ministry of Mining & Energy and the Petroleum Corporation of Jamaica before switching to the information technology field when he worked as a Management Consultant at KPMG Peat Marwick & Partners. In 1988 he joined Grace-Unisys as an Account Manager and it was here his passion for IT blossomed. He is a former President of the Jamaica Computer Society, and a member of the Board of Management at Jamaica College, his alma mater.

Mr. Alexander serves as the Lead Independent Director, Chairman of the Corporate Governance Committee, and a member of the Audit Committee on the CAC 2000 Board.

Patrick A. H. Smith

BSc. in Public Administration, M.B.A [appointed May 30, 2017]

Patrick A. H Smith has had broad general management experience having worked for more than 30 years within the Caribbean and European industries. Mr. Smith began his career at the Kingston Export Free Zone as an Investment Promotion Manager in 1981. Over the next few decades he would fulfil several positions at various local and international business entities including: Marketing Manager at T Geddes Grant Group Jamaica Limited, General Manager at Jamaica Biscuit Company Limited, Business Unit Director [Caribbean] at British American Tobacco Caribbean and Central America. Most recently he held the role of Global Account Manager at Dunhill Cigars, British American Tobacco International in Switzerland. He has also served as the Chairman of Things Jamaican Limited and of Demerara Tobacco Company Limited in Guyana. He has previously served as a Director at the Export Import Bank of Jamaica, Carreras Limited, West Indian Tobacco Company Limited in Trinidad and Tobago, JAMPRO, and has been a Vice President of the Jamaica Exporters Association in the 1990's. In late 2021 Mr. Smith was appointed Chairman of Carreras Limited.

Mr. Smith is now retired.

Richard Powell

BSc. (Hons.) in Civil Engineering, MSc. In Highway Engineering; and an M.B.A. (with Distinction) [appointed May 30, 2017]

Richard Powell, retired President and Chief Executive Officer of The Victoria Mutual Building Society Group (VM Group), has garnered vast professional experience from many appointments including those of President and CEO of Life of Jamaica Limited and Blue Cross of Jamaica as well as an executive management position at the Lascelles DeMercado Group of Companies. He has also served on the Boards of Life of Jamaica Limited, Lascelles DeMercado & Company Limited, Island Life Insurance Company Limited, among others. Prior to these appointments, Mr. Powell had a successful engineering career in the public sector. In addition to his service to private sector corporations he has also been appointed to Boards of many Non-Governmental Organizations and Public Sector Agencies. These include the PSOJ Council, The Jamaica Stock Exchange E-Campus, the United Way of Jamaica, The Environmental Foundation of Jamaica (EFJ) as well as the National Works Agency Advisory Committee of which he was Chairman. Mr. Powell is currently Pro-Chancellor of the University of Technology, Jamaica in Kingston, and Chairman, Board of Trustees for the Tourism Workers Pension Scheme.

Perfecting SOLUTIONS

...exploring the projects and the team behind our innovation!

Project: Express Fitness
Project Engineer: Craig Campbell

Craig Campbell has been employed at CAC2000 Limited for over nine years. As Project Execution Supervisor, he is responsible for coordinating the team's daily project-related activities for each assigned project.

CAC 2000 Limited was called in on the Express Fitness Project based on its air-conditioning and cooling solutions expertise. We were required to install a hybrid VRF System that supplied the building via circular supply ductwork, energy recovery ventilators and inverter mini-split units to circulate cool air in small offices, changing rooms and meeting rooms. Our primary considerations for the project were energy efficiency, cost-effectiveness, comfort, and aesthetics. We made a number of renderings to the roof and upper walls to install the insulation. These adjustments positively impacted the client by reducing the effects of the heat load on the space.

Project: Scotiacenter
Project Engineer: Jason Wong

Jason Wong is the Manager of the Project Execution Department at CAC2000 Limited.

In his capacity, Jason oversees the entire Commercial Project Portfolio and supervises all Project Engineers and associated Technicians.

The Scotia Center Project has been a major ongoing renovation project for the last two years.

Scotia Center has sought to renovate its entire twelve-story building located in Downtown Kingston on a floor-by-floor basis. As a part of the renovation, they have decided to change out their existing Chilled Water System to a Water-Cooled VRF System, a first of its kind in Jamaica. The VRF System modulates energy usage based on cooling requirements, thus improving performance and operating efficiencies. As a part of their requirements to maximize their use of the building, they have requested that their current system remain operational while replacing sections of the old system to install the new system. This project has involved a lot of coordination and many night and weekend work from the team. The Scotia Center Project is expected to be completed by October 2022.

Project: Chalmers BPO
Project Engineer: Carlo Lounds

Carlo Lounds is a Junior Project Engineer at CAC2000 Limited. In his capacity, he is responsible for actively managing and executing all aspects of his assigned projects to achieve the required scope.

The Chalmers BPO Project is an ongoing three-phase project on a newly developed commercial building.

CAC2000 Limited was contracted for the first phase of the project to install an HVAC System throughout the entire building, including a commercial size cooling system, a fresh air system, and an exhaust system to improve the indoor air quality. In the next phase of the project, we were brought in by the building tenants for system modifications to install air-conditioning units and accessories. The primary considerations include fitting large pieces of equipment into a small building space, noise disturbance. Disaster Risk Management restrictions and delays in the global supply chain resulting in longer turnaround times. The Chalmers BPO Project is expected to be completed in April 2022.

Project: Vaccine Freezer
Project Engineer: Kevon Baker

Kevon Baker is an Estimations Manager at CAC2000 Limited. He is responsible for creating commercial and Applied Engineering Projects for the entire Engineering department.

CAC 2000 Limited was called in on the Vaccine Freezer Project to supply and install Ultra-Low Temperature Freezers that could maintain a temperature of -80 Fahrenheit. More importantly, we were required to have them delivered and commissioned within four weeks while ensuring that the process was as hassle-free as possible. This was accomplished through the collaborative efforts of the Project Team that came together to find the right logistical path with multiple logistics companies and modes of transportation.

Chalmers BPO Project

Corporate Governance

The Board has four (4) committees, namely the Corporate Governance Committee, Audit Committee, Remuneration Committee and the Information Technology Committee (now dissolved). The members of each committee include a majority of independent non-executive Directors. This is required by Rule 504(2)(b) of the Junior Market Rules in relation to the Audit Committee and Remuneration Committee.

Primary Responsibilities

All Directors:

- Serve as fiduciaries for all shareholders and unit holders.
- Direct the business and affairs of the company within the law.
- Oversee company performance.
- Select the CEO and ratify the selection of officers of the company.
- Review and confirm basic company objectives.
- Approve major policy and management decisions.

Independent Directors:

- Spend time learning the business of the company, developing informal contacts with management and other directors to build mutual trust.
- Advise management.

Secondary Responsibilities

All Directors:

- Adopt or change bylaws of the company.
- Approve changes in policies of the company and its subsidiaries.

Independent Directors:

- Review from an objective perspective the work of management, refraining from involvement in day-to- day management.
- Bring perspective and fresh point of view to the board's deliberations.
- Provide general guidance based upon experience in special areas of expertise.

Additional Responsibilities

Planning

- Approve the short- and long-term objectives, strategies, and plans recommended by management and advise management regarding the planning process. Periodically evaluate progress against such plans.
- Identify any barriers to the company's progress and sense the timing for change.

Management

- Elect the officers of the company and delegate management responsibility and authority to them.
- Authorize necessary officer signatory authorities on behalf of the company.

Financial Structure

- Approve overall capital structure of the company.
- Approve overall financing programs and policies.
- Authorize appropriate officers of the company to take actions as may be required to implement such programs.
- Approve all distribution actions.
- Establish regulations and controls concerning issue, transfer, and registration of securities.
- Ensure that there is a specific financial program designed to properly support the company's long-term plan for growth by reviewing long-term plans and financing to prepare for it.

Controls

- Identify the board's needs for information and arrange for its timely supply.
- Approve annual operating and capital budgets and review performance to plan quarterly.
- Review capital expenditures
- Review the accuracy and completeness of financial control systems through an audit committee composed entirely of outside directors.
- Ensure that management has adequate financial systems, including timely and accurate information.
- Inquire into major deficiencies in performance.
- Ensure existence of written policies and authorization systems for major expenditures.
- Require audited financial statements by a major public accounting firm.

Board Continuity

- Seek continuity and strengthening of the board through identifying and attracting additional and/or replacement directors.

BOARD COMMITTEES

Corporate Governance Committee

The members of this committee are: Matthew Hogarth (Chairman), Gia Abraham and Jennifer McDonald. During fiscal year 2020/2021 the Committee has undertaken the following work:

a. Drafted the Corporate Governance Charter for approval by the Board;

b. Established a self-audit checklist for the Committee to guide the process relating to corporate governance; and

c. Reviewed the Jamaica Stock Exchange's Corporate Governance Index rating programme to ensure that the Company's corporate governance policies and procedures are apace with current best practices.

The committee shall continue to develop its framework to ensure that the Company's corporate governance practices are best in class.

Corporate Governance Charter

Purpose

The Corporate Governance Committee of CAC 2000 Limited has the responsibility of assisting the Board of Directors of CAC 2000 Limited in ensuring that its composition, structure, policies and processes for managing the Company are in keeping with world corporate governance best practice standards and adhere to the relevant legal and regulatory framework. The basic guidelines set out herein were mainly extracted from the Combined Code on Corporate Governance issued by the Financial Reporting Council of the United Kingdom, compiled by the Corporate Governance Committee of the Private Sector Organization of Jamaica and the Corporate Governance and Regulations guidelines issued by the Jamaica Stock Exchange.

Composition

The membership of the Corporate Governance Committee shall comprise at least three (3) members of the Board, the majority of whom must be independent non-executive directors chosen for the competence and understanding of issues related to corporate governance. The members and the Chair of the Committee shall be appointed and removed by the Board in its sole discretion and shall serve until their resignation or removal.

Meetings

- Frequency
  - o The Committee shall meet at least twice annually, or more frequently as the members deem fit.
- Quorum
  - o The quorum for a meeting is two (2) members
- Reporting Obligations
  - o The Chair of the Committee shall report the minutes to the Board on a regular basis and, in particular, shall highlight any key actions taken by the Committee or recommendations being made to the Board with respect to the Board's mandate
  - o Members of the Board shall have access to all records of the Committee.

Authority & Responsibilities

The Committee shall support the Board in the administration and exercise of the Board's management of the Company by carrying out the following:

Corporate Governance Principles

- Developing, recommending and reviewing corporate governance principles applicable to the Board.
- Ensuring that the Board and is committees are in compliance with all regulatory composition requirements, which shall include requirements for director independence.
- Reviewing, no less than once annually, the adequacy of the charters of the Board and its various subcommittees, including the adequacy of this Charter, and submit to the Board any suitable recommendations in relation to the amendment of same.
- Reviewing, no less than once annually, the Company's Articles of Incorporation and overall corporate governance policy and practices and submit to the Board any suitable recommendations in relation to the amendment of same.
- Preparing the annual Corporate Governance Statement for inclusion in the Company's Annual Report to its shareholders.
- Ensuring that there is accurate, timely and full financial governance reporting with strong internal controls and risk management.
- Ensuring that material information regarding the Company's operations are disclosed in a timely manner to the public and regulatory entities.
- Keeping abreast of the latest regulatory requirements, trends and guidance in corporate governance and updating the Board on corporate governance issues, where necessary.

Evaluation of Board & its Committees – Structure, Composition and Function

- Ensuring that the Board is structured and selected to ensure effectiveness, independence and protection of the public's

interests through appropriate selection and operating processes.

- Establishing and facilitating an effective process for the annual evaluation of the Board and its committees, which shall include the development of a self-audit checklist which takes into account their respective mandates and the level of contribution of individual directors. The Committee shall report to the Board the results of its annual evaluations and, based on those results, may make recommendations in respect of the structure and effectiveness of the Board and any of its committees.
- Overseeing the development and implementation of a Board induction process for new directors and a programme of continuing director development and training, as needed.
- Considering possible conflicts of interests of directors and making relevant proposals to the Board in relation to its findings.
- Reviewing any change in status and professional affiliation of current directors, which shall include fulfilment of independence requirements, and making relevant proposals to the Board in relation to its findings.

Audit Committee

The members of this committee are: Richard Powell (Chairman), Edward Alexander and Patrick Smith.

Purpose

To assist the Board of Directors in fulfilling its accountability for the efficient and effective performance in relation to:

- The integrity of the Company's financial statements;
- The Company's compliance with legal and regulatory requirements;
- The adequacy of the independent auditor's qualifications and independence;
- The internal controls and operational environment;
- The Company's risk identification, measurement and control processes.

Scope

The Committee shall provide oversight of the audit, compliance and risk management functions of the Company on behalf of the Board of Directors.

Composition

The Audit Committee shall consist of at least three (3) and no more than six (6) members of the Board of Directors all of whom shall be non-executive members.

Meetings

The Committee is required to meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require.

The Corporate Governance Charter is available in the CAC webpage at https://www.cacjamaica.com/

Remuneration Committee

The members of this committee are: Patrick Smith (Chairman), Jennifer McDonald and Richard Powell.

Purpose

To develop and determine the framework and policy for the remuneration of the Chief Executive Officer, the Executive Directors, and to provide guidance with respect to the remuneration off the next tier of Senior Executives within the Company.

The Committee also assists the Chairman in developing the remuneration package for the non-executive directors of the Board.

Composition

The Remuneration committee comprises three members, who shall be independent Non-Executive Directors, as well the Chairman of the Board/Chief Executive Officer.

Meetings

The Committee is required to meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require.

The Corporate Governance Charter is available in the CAC webpage at https://www.cacjamaica.com/

Information Technology Committee

The members of this committee (now dissolved) were: Jennifer McDonald (Chairman), Patrick Smith and Colin Roberts.

Purpose

The Information Technology ("IT") Committee was ensure that there were prudent and effective IT policies and guidelines. It was responsible for the effective use of technology in business operations and ensuring that there was seamless connectivity among the various technologies employed.

Composition

The IT committee consisted of at least two (2) but no more than five (5) members, including ex officio members.

Meetings

The IT committee would convene at least three (3) times per year. ***The Corporate Governance Charter is available in the CAC webpage at https://www.cacjamaica.com/***

MEETING ATTENDANCE

BOARD MEETING ATTENDANCE

Board of Directors	**Meeting on 15 Dec 2020**	**Virtual Meeting 4 March 2021**	**Virtual Meeting 25 May 2021**	**Virtual Meeting 9 Sept 2021**
Steven Marston, Board Chairman	√	√	√	√
Colin Roberts, Director	√	√	√	√
Edward Alexander, Independent Director	√	√	√	√
Gia Abraham, Director, Company Secretary	√	√	√	√
Patrick Smith, Independent Director	√	√	√	√
Richard Powell, Independent Director	√	√	√	√

AUDIT COMMITTEE

Members	**Meeting 8 Dec 2020**	**Virtual Meeting 25 Feb 2021**	**Virtual Meeting 20 May 2021**	**Virtual Meeting 2 Sept 2021**
Richard Powell, Independent Director, Chairman	√	√	√	√
Edward Alexander, Independent Director	√	√	√	√
Steven Marston, Director	√	√	√	√
Patrick Smith, Independent Director	√	√	√	√
Gia Abraham, Director, Company Secretary	√	√	√	√

REMUNERATION COMMITTEE

Members	**Meeting 8 Dec 2020**	**Virtual Meeting 25 Feb 2021**	**Virtual Meeting 20 May 2021**	**Virtual Meeting 2 Sept 2021**
Patrick Smith, Independent Director, Chairman	√	√	√	√
Richard Powell, Independent Director	√	√	√	√
Steven Marston, Director	√	√	√	√
Gia Abraham, Director. Company Secretary	√	√	√	√

ANNUAL GENERAL MEETING

Members	**Sept. 16, 2021**
Steven Marston, Board Chairman	√
Colin Roberts, Director	√
Edward Alexander, Independent Director	√
Gia Abraham, Director, Company Secretary	√
Patrick Smith, Independent Director	√
Richard Powell, Independent Director	√

CORPORATE GOVERNANCE

Members	**Meeting held 15 Dec 2020**
Edward Alexander, Independent Director/Chairman	√
Jennifer McDonald, Independent Director	√
Steven Marston, Director	√
Gia Abraham	√

A resolution was passed at the Board of Directors' Meeting held on March 4, 2021 to dissolve the Information Technology Committee effective 4 March 2021.

There was no change in director in this financial year but Richard Powell resigned on 31 December 2021 and Michael Anthony Shaw, Katherine P. C. Francis and Simon Roberts were appointed 1 December 2021.

Code of Ethics

As a leading provider of air-conditioning equipment and services, CAC 2000 has an ongoing responsibility to customers and all others who use our products and services. In meeting their needs, everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect our employees' dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly, and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development, and advancement for those qualified.

As an employer, CAC 2000 must provide and develop competent managers and employees, and their actions must be ethical and honest, as well as compliant with laws, rules, and regulations. Through our conflict of interest policy, we help our employees, officers, and directors avoid conflicts of interest, actual or apparent, between their personal and professional relationships. Any disclosures our board or management make to regulators, the public, or others, must be full, fair, accurate, timely, and understandable.

CAC 2000 and its employees are responsible to the communities in which we live and work and to the world community as well. We must be good citizens, support good works and charities, and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

CAC 2000 recognizes its responsibilities to its owners. Our business must make a sound profit. We must experiment with new ideas. We must conduct research, develop innovative programs, and pay for any mistakes. We must purchase new equipment, provide any needed new facilities, and launch new products as needed in the marketplace. We must create reserves to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return on their investment.

Finally, as an incorporated entity, CAC 2000 is responsible to Jamaican regulators. In all our reports to these regulators, we make full, fair, accurate, timely, and understandable disclosures. We adhere to these same standards in our statements to our stakeholders and to the general public.

Any violations of this code, or of the more detailed standards found in other company codes, shall be reported promptly to the Company Secretary of CAC 2000, who serves as CAC 2000's chief ethics officer. The company's board of directors, supported by general counsel, is responsible for ensuring that each employee receives a copy of this code of ethics, and understands its content.

Top 10 Shareholders *As at October 31, 2021*

	Primary Account Holder	Joint Holder(s)	Volume	Percentage
1	CAC CARIBBEAN LIMITED		67,462,522	52.2835%
2	MR COLIN ROBERTS		27,355,291	21.2004%
3	MR DONALD LOUIS WILLIAMS		6,180,000	4.7895%
4	VMWEALTH EQUITY FUND		5,963,220	4.6215%
5	PAM - POOLED EQUITY FUND		3,334,203	2.5840%
6	MR HOWARD CHIN		2,884,050	2.2351%
7	CHRISTINE G. WONG		1,232,962	0.9555%
8	MR. PETER NICHOLAS PATRICIA FORDE	ANTHONY FORDE	1,232,961	0.9555%
9	SAGICOR SELECT FUND LIMITED - ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION		1,035,021	0.8021%
10	JAMAICA CREDIT UNION PENSION FUND LIMITED		843,463	0.6537%

Total Issued Capital:	**129,032,258**
Total Units Owned by Top 10 Shareholders:	**117,523,693**
Total Percentage Owned by Top 10 Shareholders:	**91.0809%**

NOTE: Information reflected above reports on the top 'x' shareholdings where 'x' identifies the shareholder count. In cases where more than one shareholder has equal number of units as at report date; the holdings will be 'grouped' for counting purposes and counted as one.

Executive Holdings for CAC 2000 Limited *As at October 31, 2021*

Name	Primary Holder Joint Holder	Position	Relationship	Units	%
STEVEN MARSTON	Steven Marston	Manager	Self	-	0.00000
	CAC Caribbean Limited Connected			67,462,522	52.28345
	*Gia Abraham Steven Marston		Connected	248,623	0.19268
			Director's Holdings	-	0.00000
			Connected Party Holdings	67,711,145	52.47614
			Combined Holdings	67,711,145	52.47614
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 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

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, 2021*

Name	Primary Holder Joint Holder	Position	Relationship	Units	%
STEVEN MARSTON	Steven Marston	Director	Self	-	0.00000
	CAC Caribbean Limited Connected			67,462,522	52.28345
	*Gia Abraham		Connected	248,623	0.19268
	Steven Marston				
			Director's Holdings	-	0.00000
			Connected Party Holdings	67,711,145	52.47614
			Combined Holdings	67,711,145	52.47614
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		Self	248,623	0.19268
	Steven Marston				
	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	Self	-	0.00000
			Director's Holdings	-	0.00000
			Connected Party Holdings	-	0.00000
			Combined Holdings	-	0.00000
RICHARD POWELL	Richard Powell	Director	Self	-	0.00000
			Director's Holdings	-	0.00000
			Connected Party Holdings	-	0.00000
			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**

Top 10 Preferential Shareholders *As at October 31, 2021*

	Primary Account Holder	Joint Holder(s)	Volume	Percentage
1	PAM - UNIVERSITY HOSPITAL SCHEME OF PENSIONS		17,210,667	8.6053%
2	SAGICOR LIFE- LASCELLES DEMERCADO DEFINED CONTRIBUTION FUND		17,210,667	8.6053%
3	PAM - POOLED EQUITY FUND		17,210,667	8.6053%
4	VICTORIA MUTUAL BUILDING SOCIETY		15,408,000	7.7040%
5	GK GENERAL INSURANCE COMPANY LIMITED		12,706,000	6.3530%
6	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT160		11,802,666	5.9013%
7	NCB INSURANCE AGENCY AND FUND MANAGERS WT311		10,901,333	5.4507%
8	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT157		10,901,333	5.4507%
9	MR. WINSTON HOO		10,450,667	5.2253%
10	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT162		10,000,000	5.0000%
11	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT310		10,000,000	5.0000%
12	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT182		5,000,000	2.5000%
13	NCB INSURANCE AGENCY AND FUND MANAGERS LTD. A/C WT062		5,000,000	2.5000%
14	NCB INSURANCE AGENCY AND FUND MANAGERS LIMITED WT005		5,000,000	2.5000%
15	NCB INSURANCE AGENCY AND FUND MANAGERS WT035		5,000,000	2.5000%
16	MR GEORGE ALPHEUS BROWN	MISS TENSA ALECIA TAYLOR	3,400,000	1.7000%
17	GEORGE REID		3,000,000	1.5000%
18	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT178		3,000,000	1.5000%
19	ALVIN HENRY	KERRY-ANN HENRY	3,000,000	1.5000%

Total Issued Capital:	**200,000,000**
Total Units Owned by Top 10 Shareholders:	**176,202,000**
Total Percentage Owned by Top 10 Shareholders:	**88.1010%**

Balancing PEOPLE PERFORMANCE & DRIVE

Management Discussion & Analysis

Overview

CAC 2000 has many things to be proud of, especially our resilience which has served us well and has been one of our greatest achievements for the 2020/2021 fiscal year.

We must highlight that the pandemic did affect operations significantly and we recorded a 16.89% drop in our revenues for 2021, most of which were due to Covid-19 limitations and lock-downs. Even though the movement restrictions were not severe in comparison to the previous year, the lockdowns still adversely affected all aspects of our operational processes such as cash flow.

Additionally, work-from-home orders, staff absences due to virus exposure, and the negative impact on the mental and physical health of our employees significantly affected our people management strategic focus. There was also an adverse effect on global supply chain, resulting in lead times going from 4-6 weeks to an average of 12-18 weeks, which has severely impacted our ability to improve inventory turns and complete jobs in a timely manner.

The journey during one of the most challenging periods in modern-day history was not easy but with hard work, dedication, and support our stakeholders saw CAC 2000 make a record increase in profits, compared to YTD profits in the same period of the previous year. Striving to achieve operational excellence remained top of mind and we were rewarded as our performance earned the Best Practices award from the Jamaica Stock Exchange.

Entering the new fiscal year with a strong job portfolio, we continue to strategically position ourselves as the leading experts in energy and Indoor Environmental Quality (IEQ). All of which aligns with CAC's purpose of "Improving People's Lives".

New Ventures

During the pandemic, we continued to expand our IEQ offerings in the area of air purification solutions on both a small scale with products such as personal purifiers and on a larger scale with Hepa filters and specialized freezers to supply the demands of the healthcare system. The launch of our dehumidifiers, aimed at reducing mold, mildew, and dry rot along with fresh air infusion and sterilization using UV lights as ways to lessen the chances of infection was also a success. These additions resulted in different revenue streams which were extremely beneficial for the company and positively impacted our profit and shareholder returns.

In addition to these successes, we will continue to expand our operational output by establishing a storefront which we anticipate will have a positive impact and increased ease of access to our customers. We expect continued positive growth with our energy-saving, cost-efficient products from Enrvate, and are happy to say that as of December 2021, there are multiple projects brewing and a healthy flow in the pipeline coming into 2022.

Financial performance

CAC 2000 generated a profit after tax of $39.8 million or 22.5% more than the $32.5 million a year earned in the previous year. It came from a reduced revenue of $1.05 billion compared to $1.26 billion in 2020. The company's margins also achieved growth with a total 2021 gross profit that totaled $447.8 million, up from $423.9 million a year earlier. Operating profit grew to $74.1 million from $60.2 million; the profit was cash positive with free cash flow growing to $103.3 million up from negative $36.3 million in 2020. Free cash or cash flow generated from operations showed growth during the period. At the end of the year, the cash and equivalents position was largely unchanged at $104.4 million in 2021 from $106.1 million in 2020 due to increased investment and financing of new projects in the Company.

FIVE-YEAR FINANCIAL REVIEW

	2021	2020	2019	2018	2017
BALANCE SHEET ($'000)					
Non-current Assets	108,120	30,081	44,119	51,855	45,779
Current Assets	1,323,497	1,081,536	1,123,938	988,797	939,432
Non-current Liabilities	267,821	204,829	206,996	211,177	8,090
Current Liabilities	735,649	518,444	605,253	341,938	554,028
Shareholder's Equity	428,147	388,344	355,808	487,536	423,093
PROFIT & LOSS ($'000)					
Revenue	1,045,993	1,258,508	1,120,194	1,210,990	1,210,935
Yearly Change %	-16.89%	12.35%	-7.50%	0.00%	12.20%
Gross Profit	447,786	423,856	344,621	453,190	424,435
Yearly Change %	5.65%	22.99%	-23.96%	6.77%	18.46%
Profit before Tax	42,739	32,537	(33,402)	74,766	100,514
Yearly Change %	31.36%	197.41%	-144.68%	-25.62%	22.63%

IMPORTANT RATIOS

	2021	2020	2019	2018	2017
PROFITABILITY : Reflects the performance of the company and its managers					
Return on Capital Employed	11%	10%	-6%	11%	15%
Return on Equity	10%	8%	-9%	15%	24%
Return on Total Asset	3%	3%	-3%	9%	13%
Gross Profit Margin	43%	34%	31%	37%	35%
Earnings Per Share	0.31	0.25	-0.26	0.58	0.78
Inventory Days	284	148	180	233	127
Debtor Days	267	200	155	136	142
Creditor Days	74	75	122	88	62
FINANCIAL : Reflects financial structure and stability of the company					
Current ratio	1.80	2.09	1.86	2.89	1.70
Liquidity Ratio(Acid test)	1.17	1.44	1.29	1.82	1.32
Debt to Capital Employed	38%	35%	37%	30%	38%
Debt to Equity ratio	0.63	0.53	0.58	0.43	0.60

Note: The Company's prior year financial statement was restated. The information was amended to reflect this change.

$1.43B

TOTAL ASSETS

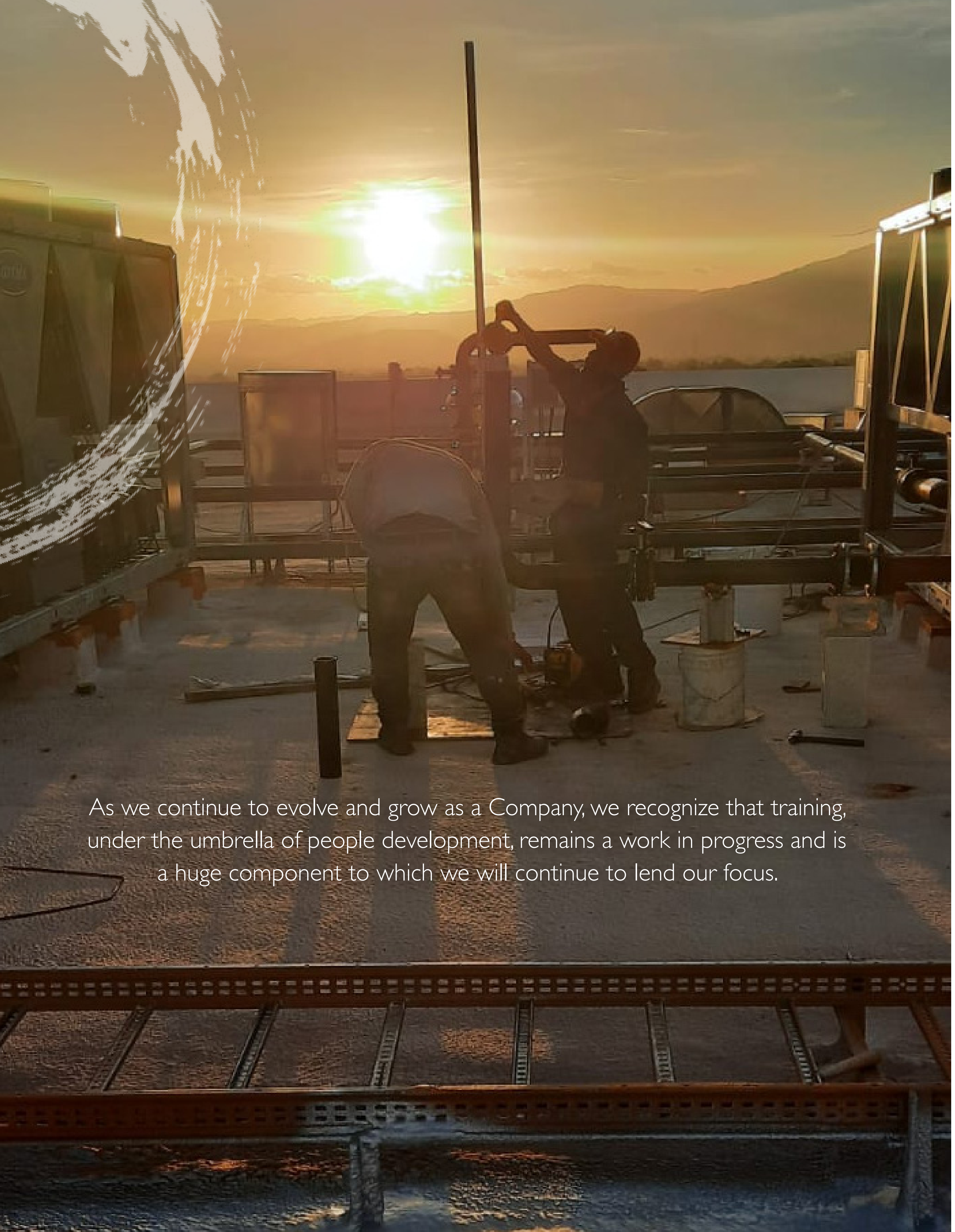
16%

INCREASE IN TRADE RECEIVABLES

Entering the new fiscal year with a strong job portfolio, we continue to strategically position ourselves as the leading experts in energy and Indoor Environmental Quality (IEQ).

$8.30

STOCK PRICE AT CLOSE OF FINANCIAL YEAR



Expenses

Overall expenses declined year on year, led by our reduced cost of sales at $598 million from $834.7 million in 2020. Distribution and finance costs also declined year on year. However, our administrative expenses grew from $342.2 million in the previous financial year to $363.2 million. The increase in costs was partially due to the April implementation of the Enterprise Resource Planning (ERP) system. The ERP system will improve our overall operational effectiveness through improved reporting, analytics, and overall cost containment.

Receivables

Trade receivables increased by 16% to $740.5 million, up from $636.7 million. The overall industry saw an increase in receivables due to collection challenges arising from lockdowns and increased cash flow constraints for businesses. The Company however weathered this challenge, as our expected credit losses arising from these trade receivables dwindled to $69.5 million, down from $80.4 million a year earlier.

Our 2021 results show the first year of renewed taxation, under the listing rules of the Junior Market. We however managed to report higher profits despite a tax of $2.9 million versus nil in 2020. In January 2016, CAC 2000 Limited ordinary shares were listed on the Jamaica Junior Stock Exchange through an Initial Public Offering. The result was five years of full tax exemption and a subsequent five years at half the going income tax rate.

During the year, we streamlined our organizational structure and systems. In the Service Department, we made changes such as role re-assignments, promotions, and team expansion so as to better address the growing needs of the customer and adapt to the changing market conditions.

Assets and Liabilities

Our total assets were up to $1.43 billion in 2021 compared to $1.11 billion a year earlier. Overall, our shareholders' equity or capital stood at $428.1 million from $388 million in 2020. This comprised of total assets at $1.43 billion which exceeded our short-term liabilities at $735.6 million and our long-term liabilities at $267.8 million, most of which represented borrowing. Overall, our debt to equity closed the 2021 financial year at 63% ($268 million/ $428 million) compared to 53% in 2020 ($205million/$388 million) and 58% in 2019 ($207 million/$356 million).

Stock Price

The stock price closed the financial year at $8.30 in October 2021 after starting the financial year at $14 in October 2020. The stock price does not in our opinion reflect CAC 2000's resilience and growth trajectory during the pandemic. Few of our peers have managed to profit and grow capital during these times and so we are proud of our performance.

Strategy

For the year 2022, CAC 2000 will continue to improve upon our company's new vision, to excel as the leading experts on Energy and Indoor Environmental Quality (IEQ) all while Improving Peoples' Lives. Our strategic focus in 2021 was threefold, these included Diversification, Operational Excellence and People Development. Whilst we had to readjust throughout the year mainly due to the ramifications of the COVID-19 pandemic and the constraints experienced due to the various lockdowns, we remained steadfast to our goal of achieving sustainability and profitability. For 2021 our largest accomplishment was the implementation of the Enterprise Resource Planning System which will lead to a more operationally effective company, thus achieving the end result of realizing greater efficiency, productivity, and effectiveness which is embedded in our mission.

As we continue to evolve and grow as a Company, we recognize that training, under the umbrella of people development, remains a work in progress and is a huge component to which we will continue to lend our focus. To build on our plans from the previous year, our values allow all to join us on an Awesome Trip (AWETRIP) as we continue to Improve Peoples' Lives through:

- Accuracy
- Well-Being: Life & Balance Commitment
- Excellence & Enthusiasm
- Technical Expertise & Teamwork
- Respect
- Integrity & Innovation
- Problem Solving

Though at all times our focus had been on the three pillars, our efforts had to be scaled down to reflect the day-to-day challenges of the pandemic. We learned to be agile, especially in the areas of supply chain management which remains the biggest challenge to carry over into the new financial year. For us, this means finding different ways of doing the same things. It also means expanding more into the area of air purification and finding holistic solutions for our customers, especially those considered essential services so they can better accommodate their staff and customers.

Outlook

Gia Abraham assumed her role as CEO of CAC on January 1, 2021 and since then has ardently worked towards maintaining the above-line standard with which the company operates. With the continued support of her management team, it is expected that she will lead the business on its intended course as the nation and the world at large strive to rebound from the influences of the pandemic.

There are several trends and developments in the global Air Conditioning market that CAC plans to pursue. In an attempt to deepen our customer-centric approaches, we will be amplifying monitoring, and comfort access while focusing on the improvement of life. In 2022 we are looking to re-education the importance of choosing energy-saving units and build on a brand awareness campaign highlighting the significance of monitoring as a means of driving down energy costs and consumption. Through increased knowledge, we aim for our customers to see the greater value in adopting efficient product usage strategies. For instance, when it comes to air conditioning one must consider units that best fit small rooms as opposed to units that are best used in commercial spaces. Understanding this is a pivotal point of analysis, with regards to the usage of electricity which is a major pain point for consumers. If we can monitor how customers utilize our systems then the added value can be provided in advising the best product usage practices. As a result, we can give our customers deeper insight and practical ways to minimize the effect on their expenses.

Our customers are at the core of what we do and we want to ensure they're satisfied. As a tactical approach, we intend to increase our customer value proposition and deepen our customer-centric approach with plans that will provide ease of access and increased convenience. All are aligned to positively contribute to our bottom line. Our overall expenses were down from the previous year as we were disciplined in our spending. Shareholders can expect to see an increase in their earnings as one of our goals in the coming year. We are pleased to say that this year the Barbuda project has restarted with the company realizing a profit. We have a number of upcoming projects to be fulfilled that we expect to generate profit in a similar way.

Enrvate Ltd

Launched in June 2021, Enrvate is a joint venture company with CAC 2000 and Tropical Battery, aimed at providing energy-saving solutions that is being led by Steven Marston, Executive Chairman for CAC 2000. The objective of Enrvate is to adopt a unique approach to establishing energy-saving solutions for our commercial customers in Jamaica and the Caribbean. It focuses on real-time measurement and monitoring of energy consumption and using the resulting data to identify, design, and execute energy and water-saving opportunities. The venture seeks to slash energy costs from customers by double-digit levels. This will be done by providing energy-saving solutions including installing and financing solar power plants. Enrvate intends to use a Green Bond in conjunction with equity funding to develop novel financing alternatives for qualified clients.

This joint venture is in accordance with CAC 2000 Limited's approach of forming complementary partnerships that support the company's mission of improving people's lives by excelling as the leading experts in IEQ. This is accomplished through developing solutions and offering products and services that help to maintain healthy, comfortable, and productive indoor environments while also enhancing and diversifying our revenue streams. We want to enable our local commercial customers to be globally competitive within their respective industries.

The bigger picture is that more focus needs to be placed on carbon footprints, especially with energy in Jamaica costing significantly more in comparison to global rates. Commercial customers in Jamaica alone pay half a billion USD in electricity and another quarter billion in water. The bottom line is that we are looking at a value proposition of a billion USD per year and we save about 10% and that's just in cost savings. The objective of Enrvate is to start at a corporation level so that the lifetime cost of electricity, water, and fuel for these companies can be reduced.

Based on our experience, customers trying to achieve operational efficiency is still a major challenge. We estimate that we can help to save about 10-20% of water, electricity, and fuel. The IDB has estimated that the value proposition of energy conservation and renewable energy investment in the Caribbean can generate US$11.8B of value over a 20 year period.

Additionally, the launch of Enrvate Ltd is also in alignment with our CSR objectives to achieve the United Nations Sustainable Development Goals objectives. CAC 2000 Foundation has been able to contribute to the United Nations SDGs and will continue working towards these global goals to end poverty, protect our planet and ensure that all people, here in Jamaica and around the world, enjoy peace and prosperity by 2030.

Our main areas of impact are:

- No Poverty
- Zero Hunger
- Quality Education
- Gender Equality
- Decent Work and Economic Growth
- Reduced Inequalities
- Partnerships for the Goals

CAC 2000 Foundation

The CAC 2000 Foundation has embarked on a number of Corporate and Social Responsibility projects, geared toward fostering a positive impact in our country. We have initiated the Summer Work Exposure, Read Across Jamaica, and the Technical Skills Training, Transformation, and Empowerment Programme (T-STTEP). Through these programmes, we aim to uplift Jamaicans and provide critical training and work experience that will help in shaping their future.

Vision

The vision of the CAC 2000 Foundation is to be an exemplary leader for corporate philanthropy and to positively impact communities while inspiring a culture of learning and volunteerism. All while Improving people's lives and fostering growth in all Jamaicans. The foundation's executions are aligned with our values, which are:

- Commitment – We are committed to enriching the lives of Jamaicans whilst achieving the 2030 Sustainable Development Goals set out by the United Nations.
- Integrity - Engender trust and reality through the equitable treatment of all, whilst upholding a high standard of policies and procedures.
- Collaboration – Growth through shared knowledge, resources, and partnering to positively impact the lives of Jamaicans.
- Sustainability – Going above and beyond that which is expected to ensure the viability and longevity of all programmes implemented.

Summer Work Exposure

Through our partnership with the Youth For Development Foundation Network (YFDN) implemented on behalf of New Life Open Bible Church and Senataz Youth Club, nine (9) participants between the ages of 17-24, from Denham Town and neighboring ZOSO Districts were enrolled for our Summer Work Exposure.

The core objective of the project was to assess the participants' competency based on the core values of teamwork, discipline, respect, self-improvement, communication, focus-on-results and to assess how these were applied and translated through on-the-job experience.

Over the 4 week period, interns also participated in a specially curated goal-setting group session with CAC 2000's Dream Manager. This helped with defining their goals/dreams and understanding the incremental steps to getting there. They were also given the opportunity to hear from industry professionals in a special question and answer session.

Read Across Jamaica

CAC 2000 Foundation volunteers including CEO Gia Abraham participated in Read Across Jamaica day on May 4, 2021. Though schools were not in face-to-face sessions, the team virtually

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read for Grades 1-6 students from Dupont Primary, Cockburn Gardens Primary, Tavares Gardens Primary, and Seaview Gardens Primary. Pre-recorded videos were shared with the students via their teachers on WhatsApp.

Technical Skills Training, Transformation, and Empowerment Programme (T-STTEP)

The CAC 2000 Foundation is a recipient of a grant from FHI360 through Local Partner Development (LPD). Through this partnership, we implemented our flagship AC Technicians Training Course. For 2021, T-STTEP enrolled 20 participants mainly from the Majesty Gardens area who have had encounters with law enforcement and/or the juvenile system. We worked with the Peace Management Initiative (PMI) and a Community Based Organization to recruit participants for the programme using the Jamaica Risk Assessment Screening Tool.

The Programme Orientation had an official start on November 1, 2021 in the Technical and Life Skills areas. With a nine (9) months duration, the participants studied basic HVAC guided by a competency pathway. Designed by Interplay Learning System the course was taught online as well as in class, led by a Technical Facilitator.

Derrimon Trading also partnered with us to host classes in the new training room located on the Sampars property. Classes are held three (3) days per week for a maximum of 4.5 hours per day.

Education Continues to be a Priority

The CAC 2000 Foundation Scholarship Programme which began in 2019 has to date been able to continue to award scholarships annually that is aligned with our company's objective of Improving People's Lives. During the 2020/2021 financial year, we awarded the Pearl Drue Wong Scholarship. Additionally to help fill the digital gap and aid in remote learning six (6) tablets were distributed to the new students of The Pearl Drue Wong Scholarship. Other scholarships awarded include the Audrey Roberts Scholarship valued at $250,000 to a UWI student; the Annabella Marston Scholarship valued at $250,000 awarded to a UTECH student, and the CAC 2000 Foundation Scholarship valued at $50,000 and granted to two qualifying CAC Staff members.

Our Values

Commitment

We are committed to enriching the lives of Jamaicans whilst achieving the 2030 Sustainable Development Goals set out by the United Nations.

Integrity

Engender trust and reality through the equitable treatment of all, whilst upholding a high standard of policies and procedures.

Collaboration

Growth through shared knowledge, resources, and partnering to positively impact the lives of Jamaicans.

Sustainability

Going above and beyond that which is expected to ensure the viability and longevity of all programmes implemented.

Balancing EFFICIENCY FUNCTION & COST

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 2021, 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 2021;
- 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

L.A. McKnight B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell.

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 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 and other receivables ***Refer to notes 2(e), 7 and 13 to the financial statements for disclosures of related accounting policies, judgements and estimates.*** As at 31 October 2021, trade and other receivables together account for $741 million or 52% of total assets of the company. The total associated ECL amounted to $69 million. Management applies the simplified method 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. 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.. 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: • Updated our understanding of methodology and assumptions used by management in the determination of the ECL provision matrix.. • 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. • Reperformed the calculation of days past due on a sample basis. • Recalculated the ECL by applying the expected credit loss rates of default to the aged receivable balance. Tested subsequent payments for large customers where expected credit losses had been recognized. The results of our procedures indicated that the assumptions used by management for determining the expected credit losses in relation to trade and other 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
21 February 2022
Kingston, Jamaica

Statement of Financial Position

CAC 2000 LIMITED
As at 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $	2020 $
ASSETS			
Non-current asset			
Property, plant and equipment	4	18,438,841	27,002,848
Intangible assets	5	3,247,483	-
Right-of-use assets	6	78,064,914	3,078,597
Deferred tax asset	7	3,368,475	-
Investments accounted for using the equity method	26	5,000,000	-
		108,119,713	30,081,445
Current assets			
Tax recoverable		4,671,706	3,210,865
Inventories	8	465,133,250	335,169,715
Due from related parties	15	8,382,818	15,963
Trade and other receivables	9	740,513,652	636,659,846
Investments		389,421	392,188
Cash and bank deposits	10	104,406,081	106,087,214
		1,323,496,928	1,081,535,791
Total assets		1,431,616,641	1,111,617,236
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		242,886,418	203,083,965
		428,146,832	388,344,379
Non-current liabilities			
Borrowings	13	202,624,531	204,828,992
Lease liabilities	14	65,196,438	-
		267,820,969	204,828,992
Current liabilities			
Borrowings	13	2,204,460	92,167,060
Lease liabilities	14	17,880,296	1,557,891
Due to related parties	15	55,566,128	30,248,414
Trade and other payables	16	658,475,745	394,470,500
Tax payable		1,522,211	-
		735,648,840	518,443,865
Total equity and liabilities		1,431,616,641	1,111,617,236

Approved for issue by the Board of Directors on February 18, 2022 and signed on its behalf by:

DocuSigned by: Michael Anthony Shaw — Michael Anthony Shaw, Director

DocuSigned by: Steven Marston — Steven Marston, Director

Statement of Comprehensive Income

CAC 2000 LIMITED
Year ended 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $	2020 $
Revenue	17	1,045,993,359	1,258,508,478
Cost of sales		(598,207,698)	(834,652,004)
Gross Profit		447,785,661	423,856,474
Other income	21	9,635,647	2,544,440
Distribution expenses		(19,975,388)	(24,027,146)
Administrative expenses		(363,272,876)	(342,175,511)
Operating Profit		74,173,044	60,198,257
Foreign exchange gains/(loss)		(4,813,456)	1,574,542
Interest income		55,930	287,534
Finance costs	22	(26,676,252)	(29,523,580)
Share of net profit of joint ventures accounted for using the equity method		-	-
Profit before Taxation		42,739,266	32,536,753
Taxation	23	(2,936,813)	-
Net Profit, being Total Comprehensive Income for the Year		39,802,453	32,536,753
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	24	0.31	0.25

Statement of Changes in Stockholders' Net Equity

CAC 2000 LIMITED
Year ended 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $	Capital Redemption Reserve $	Retained Earnings $	Total $
Balance at 31 October 2019 as originally presented		129,189,757	56,070,657	181,685,274	366,945,688
Correction of error		-	-	(11,138,062)	(11,138,062)
Restated total equity at 1 November 2019		129,189,757	56,070,657	170,547,212	355,807,626
Net profit, being total comprehensive income for the year		-	-	32,536,753	32,536,753
Balances at 31 October 2020		129,189,757	56,070,657	203,083,965	388,344,379

Statement of Changes in Stockholders' Net Equity

CAC 2000 LIMITED
Year ended 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Capital Redemption Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 1 November 2020		129,189,757	56,070,657	203,083,965	388,344,379
Net profit, being total comprehensive income for the year		-	-	39,802,453	39,802,453
Balances at 31 October 2021		129,189,757	56,070,657	242,886,418	428,146,832

Statement of Cash Flows

CAC 2000 LIMITED
Year ended 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $	2020 $
Cash Flows from Operating Activities			
Net profit		39,802,453	32,536,753
Adjustments for:			
Taxation	23	2,936,813	-
Amortisation- intangible assets	5	783,778	-
Depreciation – property, plant & equipment	4	9,089,802	15,598,697
Depreciation – right of use assets	6	8,654,662	3,078,598
Loss/(gain) on disposal of property, plant & equipment		43,999	(2,044,236)
Unrealised loss on financial assets at fair value through profit and loss		2,767	157,706
Movement in expected credit loss	9	(10,955,617)	(13,240,339)
Provision for inventory obsolescence		1,063,905	-
Net foreign exchange losses		369,125	893,911
Finance costs	22	26,676,252	29,523,580
Interest income		(55,930)	(287,534)
		78,412,009	66,217,136
Changes in operating assets and liabilities:			
Inventories		(131,027,440)	8,753,474
Trade and other receivables		(92,898,189)	(112,614,405)
Trade and other payables		264,005,245	(42,341,209)
Due from related parties		(8,366,855)	43,736,685
Cash provided by/(used in) operations		110,124,770	(36,248,319)
Tax paid		(6,243,918)	(74,836)
Net cash provided by/(used in) operating activities		103,880,852	(36,323,155)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	4	(569,794)	(3,829,320)
Proceeds from disposal of property, plant and equipment		-	4,350,000
Acquisition of intangible assets	5	(4,031,261)	-
Investment in joint venture	26	(5,000,000)	-
Interest received		55,930	287,534
Net cash (used in)/provided by investing activities		(9,545,125)	808,214
Net cash flows used in operating and investing activities brought forward to page 6		94,335,727	(35,514,941)

Statement of Cash Flows (Cont.)

CAC 2000 LIMITED
Year ended 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $	2020 $
Net cash flows used in operating and investing activities brought forward from page 5		94,335,727	(35,514,941)
Cash Flows from Financing Activities			
Repayment of bank loans		(92,167,061)	(187,093,380)
Proceeds from bank loans		-	170,000,000
Lease liabilities		(2,122,236)	(2,638,681)
Interest paid		(26,676,252)	(29,523,580)
Dividends paid to non-controlling interests in subsidiaries		-	-
Related parties, net		25,317,714	(29,732,014)
Net cash used in financing activities		(95,647,735)	(78,987,655)
Net decrease in cash and cash equivalents		(1,312,008)	(114,502,596)
Effects of exchange rate changes on cash and cash equivalents		(369,125)	(893,911)
Cash and cash equivalents at beginning of year		106,087,214	221,483,721
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	104,406,081	106,087,214

Notes to the Financial Statements

CAC 2000 LIMITED
Year ended 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

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:

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)

Amendments to IAS 1 and IAS 8 on the definition of material, (effective for annual periods beginning on or after 1 January 2020).
The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Amendments to IFRS 3 – definition of a business, (effective for annual periods beginning on or after 1 January 2020).
This amendment revises the definition of a business. The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.
The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39Amendments to IFRS 9, IAS 39 and IFRS 7 (effective for annual periods beginning or after January 1, 2020)
The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Notes to the Financial Statements

CAC 2000 LIMITED
Year ended 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

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)

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020).
The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (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:

Covid-19-related Rent Concessions – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 June 2020).
As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.
Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022).
Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2022 - possibly deferred to 1 January 2023).
The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, 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 (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.
The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.
They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (effective for annual periods beginning on or after 1 January 2022)
The amendment to IAS 16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.
Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 (effective for annual periods beginning on or after 1 January 2022).
The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after 1 January 2022).
The following improvement was finalised in May 2020:
- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities

(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

2. Significant Accounting Policies (Continued)

(b) Property, plant and equipment (continued)

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).

(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.

2. Significant Accounting Policies (Continued)

(f) Financial instruments (continued)

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.

Classification

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.

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.

2. Significant Accounting Policies (Continued)

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.

(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.

2. Significant Accounting Policies (Continued)

(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.

(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 2020, 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)

(m) 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 lessor.

2. Significant Accounting Policies (Continued)

(m) Leases (continued)

Accounting policy applied prior to 1 November 2020
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.

(n) Accounts payable
Trade and other payables are measured at amortised cost.

(o) 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)

(o) 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.

(p) 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.

(q) 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 Company.

2. Significant Accounting Policies (Continued)

(r) 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 2021, 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.

2. Significant Accounting Policies (Continued)

(s) 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.

(t) 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)

(u) 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.

(v) Dividends

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

(x) 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.

(y) 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.

(z) 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.

Notes to the Financial Statements

CAC 2000 LIMITED
Year ended 31 October 2021
(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 2019	23,955,566	15,420,335	5,202,433	31,481,820	54,620,650	130,680,804
Additions	-	1,638,109	616,457	1,574,754	-	3,829,320
Disposal	-	-	-	-	(3,739,077)	(3,739,077)
31 October 2020	23,955,566	17,058,444	5,818,890	33,056,574	50,881,573	130,771,047
Additions	-	76,813	166,152	326,829	-	569,794
Disposal	-	(95,997)	-	-	-	(95,997)
31 October 2021	23,955,566	17,039,260	5,985,042	33,383,403	50,881,573	131,244,844
Accumulated Depreciation -						
1 November 2019	18,862,916	4,131,611	2,499,673	29,250,771	34,857,844	89,602,815
Charge for the year	4,443,488	1,509,764	560,146	1,773,929	7,311,370	15,598,697
Relieved on disposal	-	-	-	-	(1,433,313)	(1,433,313)
31 October 2020	23,306,404	5,641,375	3,059,819	31,024,700	40,735,901	103,768,199
Charge for the year	649,162	1,482,231	622,003	1,370,360	4,966,046	9,089,802
Relieved on disposal	-	(51,998)	-	-	-	(51,998)
31 October 2021	23,955,566	7,071,608	3,681,822	32,395,060	45,701,947	112,806,003
Net Book Values -						
31 October 2021	-	9,967,652	2,303,220	988,343	5,179,626	18,438,841
31 October 2020	649,162	11,417,069	2,759,071	2,031,874	10,145,672	27,002,848

(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 11). The lease terms are four years. At year end, the net book value of motor vehicles acquired under finance leases was $Nil (2020 - $896,919).

5. Intangible Assets

	Software $
At Cost-	
31 October 2020	-
Additions	4,031,261
31 October 2021	4,031,261
Amortisation -	
31 October 2020	-
Charge for the year	783,778
31 October 2021	783,778
Net Book Values -	
31 October 2021	3,247,483
31 October 2020	-

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 2020	6,157,195
Addition	83,640,979
31 October 2021	89,798,174
Accumulated Depreciation -	
1 November 2020	3,078,598
Charge for the year	8,654,662
31 October 2021	11,733,260
Net Book Values -	
31 October 2021	78,064,914
31 October 2020	3,078,597

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

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:

	2021 $	2020 $
Asset as at 1 November 2020	-	-
Credited to the statement of comprehensive income (Note X)	3,368,475	-
Asset as at 31 October 2021	3,368,475	-

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

	2021 $	2020 $
Deferred tax assets		
Unrealised foreign exchange losses	601,682	-
Property, plant and equipment	3,212,072	-
Lease liabilities	626,476	-
Other	297,697	-
	4,737,927	
Deferred tax liabilities		
IFRS 9 ECL provision	(1,369,452)	-
	(1,369,452)	-
Net deferred tax assets	3,368,475	-

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

	2021 $	2020 $
Unrealised foreign exchange losses	601,682	-
Property, plant and equipment	3,212,072	-
Lease liabilities	626,476	-
IFRS 9 ECL provision	(1,369,452)	-
Other	297,697	-
	3,368,475	-

7. Deferred taxation (continued)

The amounts shown in the balance sheet include the following:

	2021 $	2020 $
Deferred tax assets to be recovered after more than 12 months	3,368,475	-

8. Inventories

	2021 $	2020 $
Merchandise/equipment	118,480,056	117,026,426
Work-in-progress	187,180,916	60,877,822
Service supplies/parts	126,439,045	105,326,980
Goods in transit	47,788,195	65,629,544
	479,888,212	348,860,772
Provision for obsolescence	(14,754,962)	(13,691,057)
	465,133,250	335,169,715

The cost of inventories recognised as cost of sales during the year was $533,299,258 (2020 - $583,376,556).

Notes to the Financial Statements

CAC 2000 LIMITED
Year ended 31 October 2021
(Expressed in Jamaican dollars unless otherwise indicated)

9. Trade and Other Receivables

	2021 $	2020 $
Trade receivables	765,461,602	690,788,702
Less: expected credit loss	(69,447,035)	(80,402,652)
	696,014,567	610,386,050
Other receivables	34,940,082	19,859,091
Prepayments	9,559,003	6,414,705
	740,513,652	636,659,846

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 (2020 - $37,228,868) in relation to this venture.

Contract assets

Included in trade receivables are contract assets totaling $238,799,576 (2020 - $177,171,238). 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:

	2021		
	Gross Carrying Amount $	Expected Credit Loss Rate	Expected Credit Loss $
0-30 days	259,922,602	7%	18,750,699
31-60 days	63,273,528	5%	3,472,352
61-180 days	116,542,673	18%	9,722,585
More than 180 days	325,722,799	39%	37,501,399
	765,461,602		69,447,035

(Expressed in Jamaican dollars unless otherwise indicated)

9. Trade and Other Receivables (Continued)

Ageing of trade receivables (continued)

	2020		
	Gross Carrying Amount	Expected Credit Loss Rate	Expected Credit Loss
	$		$
0-30 days	185,106,700	9%	16,945,843
31-60 days	48,585,190	7%	3,595,502
61-180 days	120,841,581	10%	11,729,384
More than 180 days	336,255,231	14%	48,131,923
	690,788,702		80,402,652

Movement in expected credit loss

	2021	2020
	$	$
Opening loss allowance as at 1 November	80,402,652	98,863,288
Decrease in expected credit loss recognised in income statement	(10,955,617)	(13,240,339)
Bad debt recovered	-	(5,220,297)
Bad debt written off	-	-
Closing loss allowance as at 31 October	69,447,035	80,402,652

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.

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.

	2021	2020
	$	$
Cash on hand and in bank	72,671,286	74,900,736
Deposits	31,734,795	31,186,478
	104,406,081	106,087,214

Cash and cash equivalents are denominated in the following currencies:

	2021	2020
	$	$
Jamaican dollars	61,446,310	71,973,173
US dollars	41,851,467	33,127,827
Other	1,108,304	986,214
	104,406,081	106,087,214

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

	2021	2020
	%	%
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

	2021 No.	2020 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

	2021 $	2020 $
Issued and fully paid as stock units -		
129,032,258 ordinary units (2020 - 129,032,258)	129,189,757	138,773,634
Less: Share issue costs	-	(9,583,877)
	129,189,757	129,189,757
200,000,000 fixed and variable rate cumulative redeemable preference shares (2020 - 200,000,000)	200,000,000	200,000,000
	329,189,757	329,189,757
Less: Redeemable preference shares classified as liability (Note 10)	(200,000,000)	(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

	2021 $	2020 $
(i) Redeemable preference shares	200,000,000	200,000,000
(ii) Bank of Nova Scotia Jamaica Limited	4,828,991	6,996,052
(iii) Bank of Nova Scotia Jamaica Limited	-	90,000,000
	204,828,991	296,996,052
Current portion of borrowings	2,204,460	92,167,060
Non-current portion of borrowings	202,624,531	204,828,992
	204,828,991	296,996,052

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	200,000,000
Balance at 31 October 2020 and 2021	200,000,000

In 2020, 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.

$350,000,000 fixed and variable rate redeemable preference shares were authorized with an issue price of $1 per share. Of this $200,000,000 (2020 - 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, 2023 and the Company is obliged to pay holders of redeemable preference shares dividends of 9.5% percent per annum for the first four years and thereafter a variable rate of 3% point above the weighted average yield rate applicable to the six month Jamaica Treasury Bill Tender (WATBY), held immediately prior to the commencement of each quarterly interest period 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 8% and 10.5% 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 7% - 8% per annum. The loan is secured by term deposits held at other financial institutions totaling $Nil (2020 - $24,664,792). This loan was repaid in full during the year.

(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 2019	4,196,572	114,089,432	200,000,000	318,286,004
Acquisition	-	170,000,000	-	170,000,000
Repayment	(2,638,681)	(187,093,380)	-	(189,732,061)
Dividends declared	-	-	19,052,055	19,052,055
Dividends paid	-	-	(19,052,055)	(19,052,055)
Interest charged	168,822	10,205,170	-	10,373,992
Interest paid	(168,822)	(10,205,170)	-	(10,373,992)
Net debt as at 31 October 2020	1,557,891	96,996,052	200,000,000	298,553,943
Net debt as at 1 November 2020	1,557,891	96,996,052	200,000,000	298,553,943
Acquisition	83,640,979	-	-	83,640,979
Repayment	(4,802,031)	(92,167,061)	-	(96,969,092)
Dividend declared	-	-	19,000,000	19,000,000
Dividend paid	-	-	(19,000,000)	(19,000,000)
Interest charged	2,679,895	13,981,451	-	16,661,346
Interest paid	-	(13,981,451)	-	(13,981,451)
Net debt as at 31 October 2021	83,076,734	4,828,991	200,000,000	287,905,725

14. Lease Liabilities

The Company entered into lease agreements (2020 - finance lease agreements) for the purchase of motor vehicles and rental buildings/warehouses. Obligations under these agreements are as follows:

	2021 $	2020 $
Minimum lease payments under finance lease		
Not later than 1 year	17,880,296	1,699,560
Later than 1 year and not later than 5 years	83,199,118	-
	101,079,414	1,699,560
Future interest payments	(18,002,680)	(141,669)
Present value of finance lease obligations	83,076,734	1,557,891

14. Lease Liabilities (Continued)

The present value of the lease obligations is as follows:

	2021 $	2020 $
Current	17,880,296	1,557,891
Non-current	65,196,438	-
	83,076,734	1,557,891

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 5).

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

	2021 $	2020 $
Interest expense (included in finance cost)	2,679,895	168,823
Expense relating to short-term leases (included in administrative expenses)	3,244,140	8,679,664

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:

	2021 $	2020 $
Amounts due from related parties -		
Cool Airco Limited	8,031,289	-
CAC Foundation	351,529	-
Shareholders' and directors' receivable	-	15,963
	8,382,818	15,963
Amounts due to related parties -		
Cool Airco Limited	55,566,128	30,248,414
	55,566,128	30,248,414
Net liabilities	(47,183,310)	(30,232,451)

(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:

	2021 $	2020 $
Purchases - Cool Airco Limited	(52,335,748)	(95,636,111)
Administrative fees paid - Cool Airco Limited	(15,559,230)	(37,787,137)

(c) Key management personnel compensation is as follows:

	2021 $	2020 $
Salaries	38,056,715	35,891,322
Statutory contributions	4,717,130	2,425,945
Pension	180,000	180,000
	42,953,845	38,497,267
Directors' emoluments-		
Fees	2,062,500	3,000,000

16. Trade and Other Payables

	2021 $	2020 $
Trade payable	121,196,844	170,728,484
Customer deposits	437,775,849	153,862,612
Statutory contributions	3,890,629	3,507,537
Accruals	39,555,479	14,762,443
Other	56,056,944	51,609,424
	658,475,745	394,470,500

Included in other payables and accruals is $NIL (2020 - $13,533,915) representing court awarded damages and other related costs (Note 25).

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 27 outlining revenue by segments.

18. Expenses by Nature

Total distribution and administration expenses

	2021 $	2020 $
Directors fees	2,062,500	3,000,000
Staff costs (Note 17)	210,978,776	203,050,584
Audit fees	5,755,040	4,400,000
Expected credit loss, net	(10,955,617)	(5,765,875)
Amortisation-intangible asset (Note 5)	783,778	-
Depreciation – property, plant & equipment (Note 4)	9,089,802	15,598,697
Depreciation – right-of-use assets (Note 6)	8,654,662	3,078,598
Legal and professional fees	60,738,349	49,734,913
Promotion, advertising and entertainment	5,784,600	3,976,598
Repairs and maintenance of property, plant and equipment	14,500,891	4,998,077
Insurance	17,620,953	19,971,679
Occupancy, utilities and communication	15,667,452	24,632,766
Local and foreign travel	1,378,608	2,743,545
Office supplies and computer	17,292,879	12,402,917
Security service	5,388,384	4,985,670
Warranty and guarantee	2,970,080	2,640,098
Donations	6,159,000	6,365,600
Other	9,378,128	10,388,790
	383,248,264	366,202,657

19. Staff Costs

	2021 $	2020 $
Administrative expenses -		
Salaries and wages	151,922,829	147,718,446
Statutory contributions	17,718,847	17,759,017
Pension	1,158,088	1,359,707
Other	28,417,247	20,792,002
	199,217,011	187,629,172
Selling and distribution -		
Salaries and wages	6,069,261	7,365,883
Commission	3,640,649	6,150,778
Statutory contributions	642,918	721,702
Pension	90,002	90,001
Other	1,318,935	1,093,048
	11,761,765	15,421,412
	210,978,776	203,050,584
Directors remuneration (Note 13)	42,953,845	38,497,267
Staff costs	168,024,931	164,553,317
	210,978,776	203,050,584

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 $1,248,090 (2020 - $1,449,708).

Notes to the Financial Statements

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21. Other Income

	2021 $	2020 $
(Loss)/gain on disposal of property, plant and equipment	(43,999)	2,044,236
Other	9,679,646	500,204
	9,635,647	2,544,440

22. Finance Costs

	2021 $	2020 $
Interest on -		
Bank loans	4,908,661	10,205,170
Finance lease	2,679,895	168,823
Dividends on redeemable preference share	19,000,000	19,052,055
Other	87,696	97,532
	26,676,252	29,523,580

(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	**2021**	**2020**
Current tax	**$**	**$**
Current tax on profits for the year	6,305,288	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	6,305,288	-
Deferred income tax		
Decrease/(increase) in deferred tax assets	(3,368,475)	-
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(3,368,475)	-
Income tax expense	2,936,813	-

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

	2021	**2020**
	$	**$**
Profit before taxation	42,739,266	32,536,753
Tax calculated at a rate of 25%	10,684,817	8,134,188
Effect of:		
Effect of excess depreciation over capital allowances	6,750,761	8,307,866
Expenses disallowed	1,522,388	1,723,231
Income and other gains not subject to tax	(2,738,904)	(7,409,255)
Effect of gradual change in tax rate	(1,283,535)	-
Other adjustments	(5,693,426)	(5,829,748)
	9,242,101	4,926,282
Adjustment for the effect of tax remission	(6,305,288)	(4,926,282)
	2,936,813	-

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.

	2021	**2020**
Net profit attributable to shareholders ($)	39,802,453	32,536,753
Weighted average number ordinary stock units in issue	129,032,258	129,032,258
Basic and diluted earnings per stock unit ($)	0.31	0.25

25. Contingencies and Commitments

(a) Litigation
Damages were assessed in favour of a claimant who brought a claim against the Company whereby the claimant was seeking to recover US$586,165 and J$1,015,171 for replacement of equipment and J$7,077,847 for loss of profit. This was appealed by the Company and the judgment delivered by the Court allowed the Company's appeal and remitted the matter to the Supreme Court for a retrial. The case was heard at a trial held December 7, 2015. On October 21, 2016, judgment was handed down in favour of the claimant. The court awarded damages of US$372,100 and J$568,186.64 plus loss of profits of $7,077,874. Interest at commercial rates and legal fees were also awarded.

On December 2, 2016, the Company's lawyers filed a Notice of Appeal. The appeal relates to the basis used by the trial Judge to determine the interest component of the award for the period June 2009 to 2016. On May 28, 2020 an offer to settle was received totaling US$445,000 and J$1,159,865. US$400,000 and J$1,159,865 was paid during the year.

Included in other payables and accruals is an accrual of NIL (2020: $13,533,915) covering the related interest on charges for the court awarded damages and estimated legal costs payable to the claimant's lawyers. This outstanding amount was agreed and settled in May 2021 during the year.

(Expressed in Jamaican dollars unless otherwise indicated)

26. Interests in Joint Ventures

Set out below are the associates and joint ventures of the group as at 31 October 2021 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	Measurement method	Quoted fair value		Carrying amount	
		2021	2020			2021	2020	2021	2020
		%	%			$	$	$	$
EnRvate Limited	Jamaica	50	0	Joint Venture	Equity Method	5,000,000	0	5,000,000	-
Total equity-accounted investments								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.

Summarised financial information for joint venture

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

Summarised statement of financial position

	2021 $
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

26. Interests in Joint Ventures (Continued)

Summarised statement of comprehensive income

	2021 $
Revenue	-
Interest income	-
Depreciation and amortisation	-
Interest expense	-
Profit/(loss) before tax	-
Taxation expense	-
Post tax profits from continuing operations	-

Reconciliation of summarised financial information

A reconciliation of summarised financial information presented to the carrying amount of its interest in the joint venture is show below.

	2021 $
Opening net assets at 1 November 2020	-
Capital contribution	5,000,000
Profit/loss for the period	-
Change in reserves	5,000,000
Closing net assets at 31 October 2021	5,000,000

27. 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.

	2021			
	Engineering	Residential Light and Commercial	Service	Total
	$	$	$	$
External segment revenues	790,513,130	89,873,197	165,607,032	1,045,993,359
Segment gross profit	338,415,575	38,474,364	70,895,722	447,785,661
Timing of revenue recognition				
At a point in time	316,224,219	48,757,868	165,607,032	530,589,119
Over time	474,288,911	41,115,329	-	515,404,240
	790,513,130	89,873,197	165,607,032	1,045,993,359

	2020			
	Engineering	Residential Light and Commercial	Service	Total
	$	$	$	$
External segment revenues	764,612,042	228,960,428	264,936,008	1,258,508,478
Segment gross profit	223,334,583	88,453,393	112,068,498	423,856,474
Timing of revenue recognition				
At a point in time	305,863,162	124,215,258	264,936,008	695,014,428
Overtime	458,748,880	104,745,170	-	563,494,050
	764,612,042	228,960,428	264,936,008	1,258,508,478

28. 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:

	2021		2020	
	US$	GBP	US$	GBP
Cash and deposits	41,851,467	1,108,304	33,127,827	986,214
Trade and other receivables	39,606,496	-	37,228,868	-
Due (to)/from related parties	8,031,289	-	(30,497,058)	-
Trade and other payables	(159,224,121)	-	(126,292,213)	-
Net exposure	(69,734,689)	1,108,304	(86,432,576)	986,214

28. 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, 2021	145.00	185.12
At October 31, 2020	137.76	173.34

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 5% devaluation and 5% revaluation (2020 – 6% devaluation, 2% 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 2021 %	Effect on Profit before Tax 2021 $'000	Change in Currency Rate 2020 %	Effect on Profit before Tax 2020 $'000
Currency:				
USD	8%	(5,578,775)	6%	(5,185,955)
USD	-2%	1,394,694	-2%	1,728,652
GBP	8%	88,664	6%	59,173
GBP	-2%	(22,166)	-2%	(19,724)

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.

28. 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 2021 $	Carrying Amount 2020 $
Fixed rate instruments		
Financial assets	31,734,795	31,681,742
Financial liabilities	(87,905,725)	(98,553,943)
	(56,170,930)	(66,872,201)
Variable rate instrument		
Financial liability	(200,000,000)	(200,000,000)
	(256,170,930)	(266,872,201)

(Expressed in Jamaican dollars unless otherwise indicated)

28. 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 100 (2020 - 100) 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 2020.

	2021 Effect on Profit before Tax		2020 Effect on Profit before Tax	
	100bp Increase	100bp Decrease	100bp Increase	100bp decrease
Cash flow sensitivity	2,000,000	2,000,000	2,000,000	2,000,000

(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.

28. 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.

	2021				
	Carrying amount	Contractual cash flows	0 - 12 Months	1 – 2 years	2 – 5 years
	$	$	$	$	$
Trade and other payables	658,475,745	658,475,745	658,475,745	-	-
Due to related parties	55,566,128	55,566,128	55,566,128	-	-
Borrowings	204,828,991	245,033,451	21,204,460	221,624,531	-
Lease liabilities	83,076,734	83,076,734	17,880,296	22,750,295	42,446,143
	1,001,947,598	1,042,152,058	753,126,629	244,374,826	42,446,143

(Expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2020				
	Carrying amount	**Contractual cash flows**	**0 - 12 Months**	**1 – 2 years**	**2 – 5 years**
	$	**$**	**$**	**$**	**$**
Trade and other payables	394,470,500	394,470,500	394,470,500	-	-
Due to related parties	30,248,414	30,248,414	30,248,414	-	-
Borrowings	296,996,052	342,675,208	116,925,373	20,819,613	204,930,222
Lease liabilities	1,557,891	1,557,891	1,557,891	-	-
	723,272,857	768,952,013	543,202,178	20,819,613	204,930,222

(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 2021.

29. 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.

30. Impact of COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus, a global pandemic. Subsequently, Jamaica identified its first case of the COVID-19 virus and the government declared Jamaica a disaster area on 13 March 2020. Measures taken by both local and foreign governments to contain the virus have affected global economic activity. In response to this threat, the Company has taken several measures to protect its employees, customers and shareholders. The Company implemented measures which included safety and health protocols for its employees and other measures to reduce operating costs.

Safety measures implemented include more flexible and remote working rotation arrangement for staff, enforcing the wearing of a mask in the office, sanitization stations at every entrance as well as multiple sanitizations carried out in the main office throughout each business day. The company has also implemented measures in which to better accommodate customers and daily technicians in a safer and more effective manner throughout this period and going forward. UV lights have also been installed in some public areas.

One major contributor to the reduction of operating costs were the slowing down of activities due to issues such as site shutdowns with several projects being delayed due to COVID-19 and other related reasons. Measures taken to reduce overall operating costs include, but are not limited to, a reduction in foreign and local travel and staff training as well as other costs directly affected by the reduction in employee and material movement. Lastly, in June 2020, management implemented an all-around staff pay cut to adjust the SGA/revenue (and collections) in anticipation of further reduction in cash flow for the third and fourth quarter and also to conserve working capital for the latter part of the year. Hiring and position replacements were also suspended.

The impact of COVID-19 resulted in a reduction in income for the financial years. However, there was also a reduction in operating costs due to the slowing down of operating activities as well as measures implemented by management. The Company ended the year with a positive working capital position in both years.

Management continues to closely monitor the situation and adhere to the various government protocols and advice.

CAC AIR CONDITIONING & ENERGY SOLUTIONS EXPERTS

POSTAGE STAMP

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 2022 Annual General Meeting of CAC 2000 Limited to be held on

September 22, 2022 at 3:00 p.m. and any adjournment thereof.

Signed this ____________ day of ____________________2022

Signature _________________________ (Signature of primary shareholder)

Name: ___________________________ (Name of primary shareholder)

Signature_________________________ (Signature of secondary shareholder)

Name: ___________________________ (Name of secondary shareholder)

Notes

Notes

The construction of the overpass at the Three Miles intersection completely erased all our green space and beloved mango tree. This mural is our way of putting back some greenery and paying homage to our mango tree. Beautifying this plain gray wall puts a smile on our faces and hopefully, those of our customers and passers-by.

Annual report design by Heather Kong-Smith

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