

DESIGN.BUILD.TRANSFORM

**CAC** AIR  
CONDITIONING  
& ENERGY  
SOLUTIONS  
EXPERTS

Engineering the  
**FUTURE**



## Vision

Redefining indoor  
quality and comfort

## Mission

Engineering air-con-  
ditioning and  
energy alternatives  
to provide a more  
comfortable, pro-  
ductive and healthy  
indoor environment.

## Values

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

**Technical expertise/  
experience –** We will  
use our experience  
and highly developed  
technical skills along  
with innovative  
approaches to analyze  
and propose options for  
our customers.

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



## Behavioural Goals

**Respect** – Speak positively of our team-mates, clients and our company in both public and private forums. Respect that others may not share our opinions but that they are entitled to share them and they are not necessarily wrong.

**Team work** – We recognize that the performance of an effective team can far exceed that of our best individual.

**Commitment** – Always taking a professional, consistent and disciplined approach to our work and understanding that we are each accountable for what we do.

## Aspirational Goals

**Excellence** – We will always strive to be, and do, the best that we can while continually exploring how to improve.

**Innovation** – We will always focus on learning and testing new/ideas products.

**Accuracy** – Try to get it right the first time.

**Enthusiasm** – our lives are a journey to be enjoyed and appreciated and we will create an area of fun around ourselves.

**Life balance** – we will not let our work dominate our lives and will make quality time for self, family and our community.

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Form of Proxy



“The Management Team cannot express enough our appreciation for the efforts and continued positive approach of the CAC team members who continue to believe in the company despite the onerous and uncomfortable commute and working conditions. It says a lot when our employee turnover rate is declining year on year - kudos to them for their hard work and perseverance and we are looking forward to continuing to work with them next year.” – **Steven Marston**





## Our History

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

On July 24th, 2000 the Company was incorporated, and the remaining 51% was purchased on August 18th, 2000, and that is the Genesis of the Company's name: "CAC 2000 Limited".

## Our Company

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

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

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

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

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

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.





**CAC sells, services and supports some of the most sophisticated air conditioning systems ever designed and completed in Jamaica and the Caribbean.**



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2020 Annual General Meeting of CAC 2000 Limited ("the Company") will be held on **Monday, June 29, 2020 at 3:00 p.m.** at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5 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, 2019 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 31st, 2019 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: To consider and (if thought fit) pass the following resolution:**

**Resolution No. 3:** "That a dividend of 3.5 cents (\$0.035) per stock unit be paid out of 2018 profits on July 16, 2019 to ordinary stockholders on record as at June 19, 2019 be and is hereby approved."

4. **The Directors, Mr. Richard Powell, Mr. Patrick Smith and Ms. Jennifer McDonald shall retire from office, and being eligible offer 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 Richard Powell be and is hereby re-elected a Director of the Company."
- b. "That retiring Director Patrick Smith be and is hereby re-elected a Director of the Company."
- c. "That retiring Director Jennifer McDonald be and is hereby re-elected a Director of the Company."

### 5. To transact any other special business

### 6. Resignation of Director

Matthew Hogarth, Independent Director and Chairman of the Governance Committee, tendered his resignation as a Director of CAC on Dec. 17th, 2019

BY ORDER OF THE BOARD OF DIRECTORS

**Gia Abraham**, *Company Secretary*

DATED THIS 25TH DAY OF FEBRUARY 2020

*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.*



# The Board of Directors



Colin Roberts

Gia Abraham

Steven Marston



## Mr. Steven Marston

*B.Sc. (Environmental Engineering) & MS (Energy Management and Policy). Appointed July 24th, 2000. Executive Director, Chairman and Chief Executive Officer*

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 hone his skills and hold a series of managerial positions. In 1985 he was appointed Lead Engineer at PCJ Engineering Limited, in 1990 he became the 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 as 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 and profitable company that it is today having navigated the Company through many large-scale projects that it has undertaken over the period.

Mr. Marston earned his BSc (1st class Hons) from the University of Strathclyde, Scotland and his MS from the University of Pennsylvania. Mr. Marston also boasts a series of qualifications from the Harvard Business School including the Certificate Owner President Programme, Driving performance through Talent Management, Crossroads, and Mergers and Acquisitions programmes. He is a Registered Professional Engineer (P.E.) in Jamaica and a Chartered Engineer (C.Eng.) in the United Kingdom.

Mr. Marston is a proud member of the Jamaica Institution of Engineers (M.J.I.E), the American Society for Heating Refrigeration and Air Conditioning Engineers (ASHRAE) and a fellow of the Institution of Mechanical Engineers (F.I.MechE).

## Colin Roberts

*B.Sc. (Hons.) (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 sales, estimations purchasing and execution of many of the Company's projects. He earned his B.Sc. (Hons) at University of the West Indies - St. Augustine Campus and his MBA from Nova University and has further honed these skills through the Key Executive Program at the Harvard Business School and Leadership Development course at Kellogg School of Management.

## Gia Abraham

*BSc. (Biology), C.Dir, M.Cl.D, Executive Director & Chief Operations 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.

The experience Ms. Abraham garnered over her years in banking has been instrumental in helping her to drive software upgrades, continuously question and push for improvement of the systems and procedures of the company all while continuing to play a key role in managing

## Edward Alexander

*[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 profoundly capable IT specialist and business executive established the tTech in 2006 after an illustrious eighteen (18) year career with GraceKennedy & Co. Limited, where he served as the company's Chief Information Officer. His distinguished career spans more than three (3) 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 and assuming the position of 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.

By 1993 he was given responsibility for information technology at GraceKennedy & Co. Ltd. and ushered in an era of innovation during his tenure. He left to form the tTech in 2006. He holds a Masters of Science degree from the University of Pennsylvania and Bachelor of Science degree from the University of Windsor. In addition he has completed professional courses at the Harvard Business School and the University of Florida. 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 a member of the Audit Committee and is the Lead Independent Director on the CAC 2000 Board.



## Jennifer McDonald

*BA in Geography and Economics, M.B.A  
[appointed May 30, 2017]*

Jennifer E. McDonald is a Senior Level Executive and Transformational Leader with more than 3 decades of experience working within the private and public sector. Ms. McDonald started her career at the Ministry of Labour as an Economist from 1983 – 1984. Soon after she became the Senior Marketing Coordinator at ICD Group, a position she would occupy until 1993 when she became the Special Assistant to the Prime Minister. Over the next twenty years she would assume key positions at governmental agencies including Assistant Manager at the Jamaica Conference Center, General Manager at the Urban Maintenance Limited, Director of Corporate Services at the National Land Agency and more recently Chief Executive Officer at the Passport Immigration and Citizenship Agency, a position she occupied from 2007 – 2016.

She is currently a Part Time Lecturer at the University of the West Indies, University of Technology and Insurance College of Jamaica and is also a member of the Euralysum Ltd 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.

Mr Smith is now retired.



## Richard Powell

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

Mr. Richard Powell, a recently retired President and Chief Executive Officer of The Victoria Mutual Building Society Group (VM Group), has garnered vast professional experience from many appointments including that of President and CEO of Life of Jamaica Limited, 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 in Kingston, Jamaica.





Gia Abraham

Renee Wong

Colleen Ellison-Hall

Colin Roberts

# OurTeam

## **Kevon A. Baker** *(not pictured)*

*B.Sc. (Mechanical Engineering)*

Shortly after graduation from the University of Technology in 2014, Kevon Baker joined CAC 2000 Limited in 2015 as an Estimations Engineer. Five years on, Mr. Baker now holds the role of Estimations Manager where he provides leadership and technical oversight to a team of engineers, senior draughtsmen and various interns. Mr. Baker has years of VAC experience with the Company in project management and estimation with practical design skills in HVAC Equipment Selection, Heat Load analysis and other applications. He has conceptualized several HVAC projects including variable refrigerant flow, VAV systems with digital scroll commercial splits, packaged units, ventilation, chilled water and building management systems. Mr. Baker is a highly motivated individual who enjoys working with clients to design innovative and competitive solutions.

## **Renee Wong**

*B.Sc. (Management Studies and Psychology)*

René Wong is the Dream Manager at CAC 2000 Ltd. She brings with her 15 years of experience in Project Management, Marketing and Communications across the Banking and Finance and Manufacturing and Distribution industries. Ms. Wong was recruited onto the CAC team in 2019 to develop and lead the Dream Manager Program to foster staff development and individual growth. Through this medium, staff confidentially express their personal and professional dreams and goals and receive guidance and support with a view to achieving them. With an understanding of the staff's aspirations, Ms. Wong collaborates with HR and Senior Management to identify opportunities for growth within or outside of the Company. The program has been very well received and has attracted 34 persons thus far.

## **Colleen Ellison-Hall**

*FCCA, Financial Controller*

Colleen started her career at National Commercial Bank Jamaica Ltd. (in centralized FX Dept) then moved to J. Wray and Nephew Ltd spending 15 years in various roles, eventually becoming their Chief Accountant. She then joined Stocks and Securities Ltd. as their Audit and Compliance Manager and, after leaving, branched out on her own business venture while doing audit work on a contractual basis for Mayo Holdings Ltd. At CAC she is in charge of the financial and accounting operations of the company. Mrs. Ellison-Hall graduated from College of Arts, Science and Technology and also has a postgraduate diploma in Financial Services Management from Jamaica Stock Exchange e-campus and is a Fellow of the Association of Certified Chartered Accountants.





Marcus  
Hay

Brent S.  
Marston

Steven  
Marston

Glaister  
Cunningham

## Marcus Hay

*M.Eng., Installation Manager*

Marcus has been with CAC for over 16 years and currently leads the installation team. His training includes an M.Eng. in Mechanical Engineering, as well as numerous certification courses including Project Management, Energy and Leadership. Marcus supervises a team of engineers and technicians who prepare quotes and tenders, installing and commissioning the most complex air conditioning systems found in the region.

## Brent S. Marston

*B.Sc. (Business)*

Brent Marston is the Supply Chain and Inventory Manager at CAC 2000 Limited. Mr. Marston began his career at Pricewaterhouse Coopers LLP in Boston, Massachusetts as an Experienced Associate, CPA where he performed audits and prepared financial statements and reports for public

and private companies across various industries in two major markets. Mr. Marston later went on to become the Senior Revenue Analyst at Citrix Systems in Fort Lauderdale, Florida. There he managed the financial relationships of multiple regions' sales teams, supported non-standard deal structuring, approval of non-standard pricing and contract terms and conditions involving multi-national corporations such as Amazon and Microsoft. Since joining CAC 2000 Ltd in 2017, he has steered the Service delivery of the business, leveraging technology and new processes to help the business achieve its overall goal of First-Call Resolution.

## Glaister Cunningham

*B.Sc. (Civil Engineering), MSc. (Structural Engineering), MSc. from the University of Newcastle Upon Tyne, MBA from Florida International University, Project Execution Manager*

Glaister Cunningham began his career as an engineer in 1997 when he joined N.O. Whyte & Associates Ltd as a Project Engineer, later being promoted to Senior Project Engineer

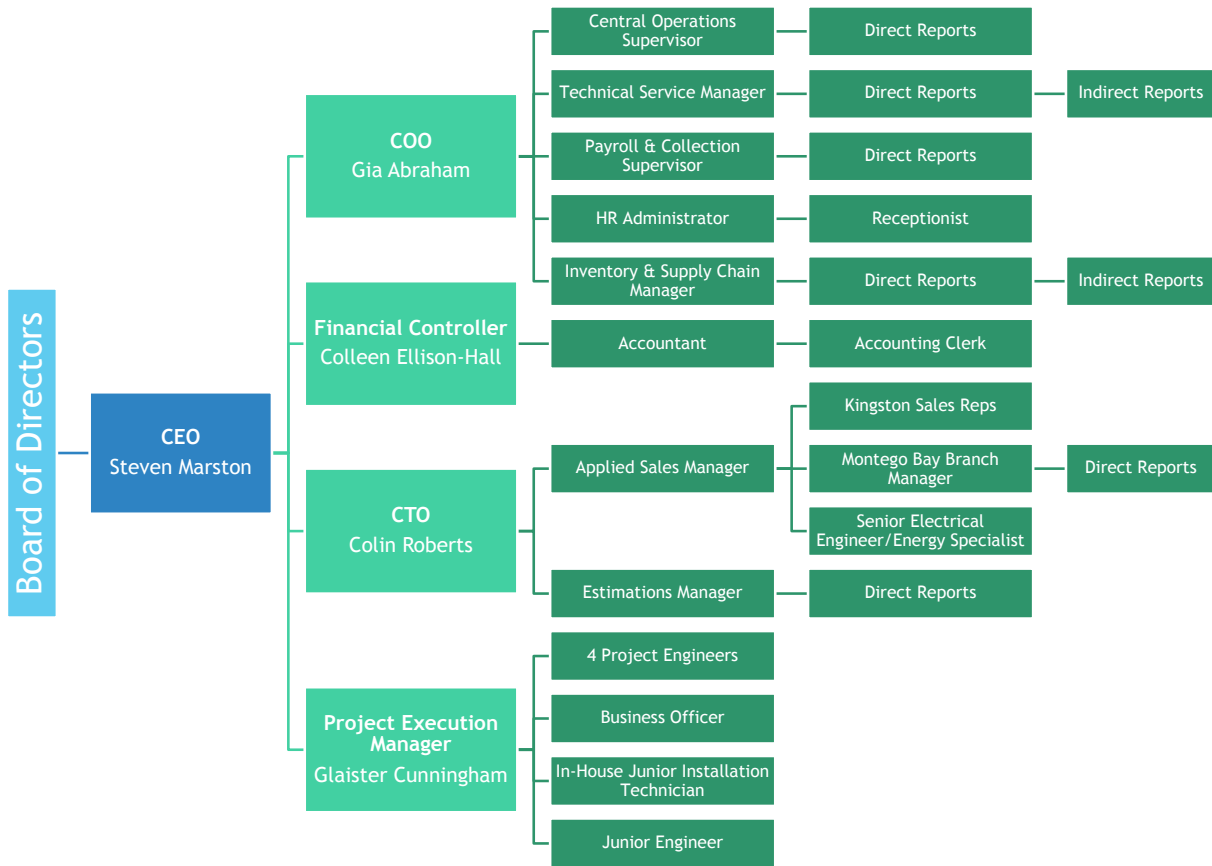
Between 2004 and 2008, Mr. Cunningham worked as a project manager. First at KES Development Ltd. and then at Equilibrium Solutions (Ja) Ltd. In 2008, he was offered a Senior Associate position at the Inter-American Development Bank. He went on to become an Operations Specialist and took a special assignment in El Salvador. Amongst his many duties were conducting reviews on the quality of project execution plans, policy, and procurement.

In late 2017, Mr. Cunningham was invited to join CAC 2000 Ltd. as Project Execution Manager. In this position, he manages the execution of all commercial HVAC projects. Mr. Cunningham is expected to contribute to the strengthening of the business efficiencies and capabilities of the department.

He brings with him over 10 year's experience in project management. He is a trained Project Manager and actively attends workshops to discover new waves in project management, risk assessment and negotiation.



## ORGANISATIONAL CHART







# Corporate Data

## Executive Directors

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

## Non-executive Directors

Edward Alexander  
Jennifer McDonald  
Matthew Hogarth  
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](mailto:sales@cac2000ltd.com)  
Website: [www.cacjamaica.com](http://www.cacjamaica.com)

## Attorney

John G. Graham and Co.  
7 Belmont Road  
Kingston 5, Jamaica  
Tel: 876-920-1004  
Email: [jggandco@gmail.com](mailto:jggandco@gmail.com)

## Auditors

KPMG  
The Victoria Mutual Building  
6 Duke Street  
Tel: 87- 922-6640  
Fax: 876-922-7198

## 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 5 Barbados Ave  
Kingston 5

## Top 10 Shareholders As at October 31, 2019

	Primary Account Holder	Joint Holder(s)	Volume	Percentage
1	CAC CARIBBEAN LIMITED		67,462,522	49.8938%
2	MR COLIN ROBERTS		27,355,291	20.2314%
3	DONALD LOUIS WILLIAMS		12,360,000	9.1412%
4	VMWEALTH EQUITY FUND		5,963,220	4.4103%
5	PAM - POOLED EQUITY FUND		3,334,203	2.4659%
6	MR HOWARD CHIN		3,204,599	2.3701%
7	CHRISTINE G. WONG		1,232,962	0.9119%
8	MR. PETER NICHOLAS ANTHONY FORDE	PATRICIA FORDE	1,232,961	0.9119%
9	JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE		964,269	0.7132%
10	JAMAICA CREDIT UNION PENSION FUND LIMITED		843,463	0.6238%
<b>Total Issued Capital:</b>				<b>135,212,258</b>
<b>Total Units Owned by Top 10 Shareholders:</b>				<b>123,953,490</b>
<b>Total Percentage Owned by Top 10 Shareholders:</b>				<b>91.6733%</b>

## Executive Holdings for CAC 2000 Limited As at October 31, 2019

Name	Position	Primary Holder Joint Holder	Relationship	Units	%
Steven Marston	Chief Executive Officer		Key Members Holdings	0.00	0.00
			Connected Party Holdings	0.00	0.00
			Combined Holdings	0.00	0.00
Colin Roberts	CTO		Key Members Holdings	27,355,291.00	21.20
			Connected Party Holdings	0.00	0.00
			Combined Holdings	27,355,291.00	21.20
Gia Abraham	CAO		Key Members Holdings	300,000.00	0.23
			Connected Party Holdings	0.00	0.00
			Combined Holdings	300,000.00	0.23
Colleen Ellison-Hall	FC		Key Members Holdings	30,000.00	0.02
			Connected Party Holdings	0.00	0.00
			Combined Holdings	30,000.00	0.02
CAC Caribbean Limited	Connected Party	Steven Marston Gia Abraham	Husband Wife		
			Key Members Holdings	67,462,522.00	52.28
			Connected Party Holdings	0.00	0.00
			Combined Holdings	67,462,522.00	52.28
<b>Total Key Members Holdings</b>				<b>27,685,291.00</b>	<b>21.45</b>
<b>Total Connected Party Holdings</b>				<b>67,462,522.00</b>	<b>52.28</b>
<b>Total Combined Holdings</b>				<b>95,147,813.00</b>	<b>73.73</b>



## Directors Holdings for CAC 2000 Limited As at October 31, 2019

Name	Position	Primary Holder Joint Holder	Relationship	Units	%
Steven Marston	Chairman		Key Members Holdings	0.00	0.00
			Connected Party Holdings	0.00	0.00
			Combined Holdings	0.00	0.00
Colin Roberts	Director		Key Members Holdings	27,355,291.00	21.20
			Connected Party Holdings	0.00	0.00
			Combined Holdings	27,355,291.00	21.20
Gia Abraham	Director/Company Secretary		Key Members Holdings	300,000.00	0.23
			Connected Party Holdings	0.00	0.00
			Combined Holdings	300,000.00	0.23
Matthew Hogarth	Director		Key Members Holdings	30,000.00	0.02
			Connected Party Holdings	0.00	0.00
			Combined Holdings	30,000.00	0.02
Edward Charles Alexander	Director	Edward Charles Alexander Charmaine Dawn Alexander Renee Moy Alexander Jordanne Moy Alexander	Wife Daughter Daughter		
			Key Members Holdings	54,286.00	0.04
			Connected Party Holdings	0.00	0.00
			Combined Holdings	54,286.00	0.04
Patrick Smith	Director		Key Members Holdings	0.00	0.00
			Connected Party Holdings	0.00	0.00
			Combined Holdings	0.00	0.00
Jennifer McDonald	Director		Key Members Holdings	0.00	0.00
			Connected Party Holdings	0.00	0.00
			Combined Holdings	0.00	0.00
Richard Powell	Director		Key Members Holdings	0.00	0.00
			Connected Party Holdings	0.00	0.00
			Combined Holdings	0.00	0.00
CAC Caribbean Limited	Connected Party	Steven Marston Gia Abraham	Husband		
			Wife		
			Key Members Holdings	67,462,522.00	52.28
			Connected Party Holdings	0.00	0.00
			Combined Holdings	67,462,522.00	52.28
Total Key Members Holdings				27,685,291.00	21.45
Total Connected Party Holdings				67,462,522.00	52.28
Total Combined Holdings				95,147,813.00	73.73

*The comfortably air-conditioned customer waiting area at the new Jaguar and Land Rover dealership.*



# Corporate Governance



## 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 programmes 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 2017/2018 the Committee has undertaken the following work:

- Drafted the Corporate Governance Charter for approval by the Board;
- Established a self-audit checklist for the Committee to guide the process relating to corporate governance; and
- Reviewed the Jamaica Stock Exchange's Corporate Governance Index rating program 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 Organisation 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:



## MEETING ATTENDANCE

### BOARD MEETING ATTENDANCE

Board of Directors	Meeting held 19/12/2018	Meeting held 3/13/2019	Meeting held 5/30/2019	Meeting held 4/9/2018
Steven Marston, Board Chairman	√	√	√	√
Colin Roberts, Director	√	√	√	√
Edward Alexander, Independent Director	√	√	√	√
Gia Abraham, Director.Company Secretary	apology	√	√	√
Matthew Hogarth, Independent Director	√	√	apology	apology
Patrick Smith, Independent Director	√	apology	apology	√
Jennifer McDonald, Independent Director	√	√	√	√
Richard Powell, Independent Director	apology	√	√	√

### ANNUAL GENERAL MEETING

Members	Held 3/6/2019
Steven Marston, Board Chairman	√
Colin Roberts, Director	√
Edward Alexander, Ind. Director	√
Gia Abraham, Director, Company Secretary	√
Matthew Hogarth, Ind. Director	apology
Patrick Smith, Ind. Director	apology
Jennifer McDonald, Ind. Director	√
Richard Powell, Ind. Director	√

### AUDIT COMMITTEE

Members	Meeting held 12/10/2018	Meeting held 3/12/2019	Meeting held 5/22/2019	Meeting held 9/4/2019
Richard Powell, Ind. Director, Chairman	apology	√	√	√
Edward Alexander, Independent Director	√	√	√	√
Steven Marston, Director	√	√	√	√
Patrick Smith, Independent Director	√	apology	√	√
Gia Abraham, Director.Company Secretary	√	√	√	√

### REMUNERATION COMMITTEE

Members	Meeting held 12/10/2018	Meeting held 3/12/2019	Meeting held 5/22/2019	Meeting held 9/4/2019
Patrick Smith, Ind. Director, Chairman	√	apology	√	√
Richard Powel, Independent Director	apology	√	apology	√
Steven Marston, Director	√	√	√	√
Jennifer McDonald, Independent Director	√	√	√	apology
Gia Abraham, Director.Company Secretary	√	√	√	√

### INFORMATION TECHNOLOGY COMMITTEE

Members	Meeting held 19/12/2018	Meeting held 3/13/2019	Meeting held 5/30/2019	Meeting held 9/11/2019
Jennifer McDonald, Independent Director/Chairman	√	√	√	√
Colin Roberts, Director	√	√	√	√
Patrick Smith, Ind. Director	√	apology	apology	√
Steven Marston, Director		√		
Matthew Hogarth, Ind.Director		√		

### CORPORATE GOVERNANCE

Members	Meeting held 3/13/2019
Matthew Hogarth, Ind. Director/Chairman	√
Jennifer McDonald, Ind. Director	√
Steven Marston, Director	√
Gia Abraham, Director	√

### Corporate Governance Principles

- Developing, recommending and reviewing corporate governance principles applicable to the Board.
- Ensuring that the Board and its 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.

## 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.

## Information Technology Committee

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

### Purpose

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

## CORPORATE GOVERNANCE

**Composition**

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

**Meetings**

The IT committee shall convene at least three (3) times per year.

*The Committee Charters are available on the CAC 2000 website: [www.cacjamaica.com](http://www.cacjamaica.com)*

**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. 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.



A large yellow crane is lifting a heavy load in front of a tall building. The crane's arm extends diagonally across the frame, reaching towards the top right. The building has a distinctive facade with vertical black and white stripes. A red sign with a white 'S' logo is visible on the building's facade. In the foreground, a yellow truck is partially visible, and a 'ONE WAY' sign points to the left. A 'Scotiabank' sign is visible on a building in the background. The sky is clear and blue.

**The 2019 financial year saw CAC 2000 Limited (CAC 2000) continue our endeavours to innovate in the face of the massive disruption caused by the Three Miles Roadworks Construction.**

We resiliently weathered these disruptions by finding new ways to maximize our production factors in order to meet our customer demands and expectations. Some changes included streamlining our organizational structure and behaviour to make our operations more efficient. 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.

This tenacious spirit has seen The Company managing to sustain Kingston operations while significantly improving the Montego Bay operations (which also benefited from major office renovations in the year).

# Engineering Growth

During the financial year, CAC 2000 received a number of accolades and awards. We were nominated (and are finalists) for 6 categories in the ActionCoach Awards: CEO of The Year, Best Overall Company, Best Service Company With Over 10 Employees, Best VP/Director/HOD, Best Minority Run Company, Best Corporate Responsibility (for the Foundation).







## Sales and Revenue

The 2019 financial year was challenging, as the financial implications of the road work on the daily operations, were more extensive and took significantly longer than expected. While we commend the Government of Jamaica for the completion of this modernized road network, the externality had serious negative implications for our daily operations and overheads. By year end, we had lost some \$300 to \$400 million in realized revenue, with associated profit and cash shortfalls, but sadly no compensation has yet been offered to the affected businesses such as ourselves.

Despite the resulting decline in walk-in sales, our revenues totaled \$1.12 billion for the 2019 financial year, slightly down from the \$1.21 billion recorded in the previous year.

It should therefore be no surprise that we recorded a reduction in operating profit from \$88 million to \$9 million and net loss of \$26.5 million for the year, which reversed the profit made in the previous year. That equated to earnings per share of negative \$0.21 in 2019 compared to \$0.58 in 2018 and \$0.78 in 2017.

## Expenses and Liabilities

Administrative expenses increased to \$389.5 million compared to \$384.1 million in the previous year. This was largely due to expenses related to the Barbuda project which saw a notable increase during the year, in order to staff the design team. Utilities and staff related costs including paid time off also increased during the year due to disruptions such as forced office closure and sick days, which are directly related effects of the ongoing construction. This expense moved from 4.7% to 7.6%.

Finance and other costs grew to \$28.7 million in the year, up from \$22.7 million representing the interest on new borrowings.

Inventory reduced from \$367 million to \$344 million, Trade Receivables increased from \$485 million to \$511 million and Trade and Other Payables from \$329 million to \$469 million. Cash and equivalents registered a significant increase this year to \$221 million from \$117 million a year earlier. The Company took out a loan of \$100 million to be used as a buffer to improve our liquidity. With this in mind, The Company's total loans stand at \$315 million from \$217 million a year earlier.

The good news is that in the last quarter, and with less frequent operational traffic and services disruption, we recorded an uptick in business and we have survived the worst and we are now poised to resume our normal operations, albeit with some changes imposed on us due to the traffic changes and difficulty in readily accessing our property with large trucks.





## Focus

The 'infrastructural shocks' of the 2019 financial year caused the management team to increase efforts to be more agile, adaptable, and mitigate future occurrences. During the height of the road work upheaval, CAC 2000 contemplated several restructuring moves such as shifting operations to a new or satellite location. However, a cursory cost benefit analysis proved that this move would have attracted costly expenses such as rent at significantly higher costs. This led to the decision to stay at our present location and continue our strategy of maximizing the usage of existing resources.

Our operations were affected in two fundamental areas: walk-in customers and logistics. CAC 2000 explored a number of solutions including updated customer relationship tools, mobile apps and offering customers the convenience of being visited by a sales representative. The changes also included flexi-work options such as virtual offices, flexi-time and telecommuting to counteract the challenges in the environs at the head office.

For logistics, the inefficient movement of products caused individual jobs to take longer. In recognizing that containers could no longer enter the compound, we identified an additional warehouse that is accessible via an alternate road not impacted by the construction

## FIVE-YEAR FINANCIAL REVIEW

	Oct-19	Oct-18	Oct-17	Oct-16	Oct-15
<b>BALANCE SHEET (\$'000)</b>					
Non-current Assets	44,119	51,855	45,779	53,277	34,517
Current Assets	1,135,076	988,797	939,432	798,434	576,883
Non-current Liabilities	206,996	211,177	8,090	160,653	155,652
Current Liabilities	605,253	341,938	554,028	368,701	250,615
Shareholder's Equity	366,946	487,536	423,093	322,357	205,133
<b>PROFIT &amp; LOSS (\$'000)</b>					
Revenue	1,120,194	1,210,990	1,210,935	1,017,611	1,079,253
Yearly Change %	-7.50%	0.00%	19.00%	-5.71%	52.36%
Gross Profit	351,515	453,190	424,435	410,083	358,282
Yearly Change %	-22.44%	6.77%	3.50%	14.46%	40.49%
Profit before Tax	(26,508)	74,766	100,514	115,497	81,968
Yearly Change %	-135.45%	-25.62%	-12.97%	40.90%	59.77%

*Note: The Company's accounting year-end changed in 2015 from July 31 to October 31. Therefore, the results for October 2015 covered fifteen (15) months.*

## IMPORTANT RATIOS

	Oct-19	Oct-18	Oct-17	Oct-16	Oct-15
<b>PROFITABILITY : Reflects the performance of the company and its managers</b>					
Return on Capital Employed	-5%	11%	15%	24%	23%
Return on Equity	-7%	15%	24%	36%	40%
Return on Total Asset	-2%	9%	13%	14%	17%
Gross Profit Margin	31%	37%	35%	40%	33%
Earnings Per Share	-0.21	0.58	0.78	0.08	0.65
Inventory Days	180	233	127	186	142
Debtor Days	155	136	142	113	96
Creditor Days	122	88	62	74	58
<b>FINANCIAL : Reflects financial structure and stability of the company</b>					
Current ratio	1.89	2.89	1.70	2.17	2.30
Liquidity Ratio(Acid test)	1.31	1.82	1.32	1.41	1.39
Debt to Capital Employed	36%	30%	38%	32%	43%
Debt to Equity ratio	0.56	0.43	0.60	0.48	0.76



*Top awardees flanked by members of the CAC 2000 Foundation Board and The Jamaica Social Investment Fund. From left, Front row: Mona Sue-Ho, Social Development Manager, JSIF, Jelani Riley, Shamar Bonner, Alex Dawes, Javan Williams, Gia Abraham - CEO CAC Foundation, Grace Nash - Board Director, Andrea Cowan - Board Director. Back row: Gresford Bennett, Social Services Manager, JSIF, Dane McGregor - Director, Steven Marston - Chairman, Patrick Smith - Board Director, CAC 2000 Foundation*

and we have committed to occupy this in January. Truck ingress and egress remains a major challenge for the future operations.

Despite plans to focus on growth over the past year, the need to control expenses and losses impacted our initial intentions. This resulted in our management team paying keen attention to solutions that would actively improve operating efficiency and productivity.

Management salutes our exemplary team that endured this challenging period but, even as we were challenged, we continued to evolve and restructure to adjust. Several employees were promoted, and we actually increased our year-end staff complement from 61 to 67 persons. We also managed to avoid laying off employees and reduced our staff turnover rate. Our Employee Net Promoter Score (positive perception of the Company) improved over the reporting period and we believe that a lot of this improvement was attributable to our “Dream Manager” program where we have a specially trained team who works with employees to have them plan and achieve their Dreams.

## Outlook

For 2020 and beyond, CAC 2000 will continue regional expansion efforts in other islands such as Barbuda. In the 2017-2018 year, we announced a 10-year project to support the construction of a high-income development in the island of Barbuda. During the 2018 - 2019 year, The Company completed the bulk share of work on the design for the first project in Barbuda and we expect to commence the supply and installation of this project and the design of the 2nd large project in early 2020.

CAC 2000 will continue to be the leaders in bringing innovative, first-world, high-efficiency products to the Jamaican market, all with a view of improving energy efficiency and savings for our customers. These continued efforts and joint ventures will see us securing a greater share of the growing global cooling market while navigating the current economic climate.

CAC 2000 forecasts growth not just by having a larger customer base, instead through offering our existing customers improved service and operating efficiencies resulting in a happier and more satisfied customer, which is expected to positively impact our overall results and return to our shareholders. We continue to focus on our Purpose of making indoor life better for our Customers.

# Engineering Solutions

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.







## BNS Scotia Centre

Scotiabank and Jamaica Properties are jointly refurbishing the entire building 12-storey building in downtown Kingston. CAC is piloting a first-of-its-kind installation in Jamaica which is a water-cooled VRF system by Mitsubishi Electric delivering over 400 tons of cooling.

## Jaguar Land Rover

Stewarts Auto contracted CAC 2000 to execute the air conditioning of its brand-new dealership for its Jaguar and Land Rover brands. The building will also provide space for BPO services. A Carrier X-Power VRF System is being provided to sustain the indoor comfort of its customers and staff.

“

**CAC is piloting a first-of-its-kind installation in Jamaica which is a water-cooled VRF system by Mitsubishi Electric delivering over 400 tons of cooling.**

”

## BOJ Projects

The Bank of Jamaica is undertaking a programme of upgrades including a new Cooling Tower, 2 new Chillers, Chilled-Water Pipe renovations, Fire and Smoke Dampers and High-Efficiency Extractor Fans. CAC won independent contracts to supply and install these systems.

## PCJ Chiller

Over the last 10 years the PCJ has been undertaking an overhaul of their existing air-conditioning infrastructure, replacing Air Handlers, a Cooling Tower, Chilled-Water Pumps and Chillers. This latest installation involved the installation of the 2nd of two replacements of high-efficiency variable speed screw chillers.

## Cambridge

Being undertaken by Guardian Life, The Cambridge is a luxury high-rise apartment complex comprised of 8- and 10-storey buildings comprised of studios and one- and -two-bedroom apartments. CAC is providing LG multi-split residential inverter systems providing the maximum efficiency available with current technologies.





Alex Dawes, graduate and Steven Marston, chairman at the AC Technicians' Training Programme Graduation held on Sept 12 at the AC Marriott Hotel in Kingston.



# Engineering Change

CORPORATE SOCIAL RESPONSIBILITY



**We, the CAC 2000 Foundation, continue to make strides towards engineering change within communities. We actualized a number of initiatives and partnerships that have been garnered towards improving the education of youths for a better Jamaica.**

**As the first step towards becoming an engrossed viable entity, we appointed Janelle DeFreitas as Foundation Manager within the third quarter of 2019. This move was necessary for us to fulfill our mission of changing the lives of as many Jamaicans as possible. With the responsibility of spearheading the operational functions, deFreitas will dedicate the time and focus required to strategize the best ways we can widen our scope of impact.**

## Scholarships

During the year, we embarked on five primary school projects at Dupont Primary, Seaview Gardens Primary, Cockburn Park Gardens Primary and Junior High, Tavares Gardens Primary and the Abilities Foundation through the Pearl Drew Wong scholarships. The scholarship, which was named after the grandmother of Chief Operating Officer at CAC 2000, Gia Abraham, was offered for the first time this year and awarded recipients with \$50,000 each; this covered recipient's school fees with the difference being awarded through book vouchers. We also partnered with the Peter Stewart Foundation offering a Pearl Drew Wong scholarship to a top student meeting the criteria of both Foundations.

With the aim of bettering the lives of Jamaicans through access to education, we similarly offered the Audrey Roberts and Annabella Marston Scholarships for the first

time this year. We place a special emphasis on honouring those who contribute heavily to a person's or organization's growth. As such, these scholarships represent the women who played an instrumental and invaluable role in the success of the management team and are dear to our hearts. Both Audrey Roberts and Annabella Marston, the mothers of Colin Roberts and Steven Marston, used their property as collateral so that they could financially sow into their sons' dream of owning a company- CAC 2000.

Today, The Audrey Roberts Scholarship specifically awards students in the Humanities Department at UWI, Mona where she served as the librarian for UWI. The Annabella Marston Scholarship is offered to students in the Faculty of Engineering at UTECH, who are specifically from areas outside the Kingston and St. Andrew Area (KSA). We also offer 5 scholarships at \$50,000 each to CAC 2000 staff who wish to continue their education.

### SCHOLARSHIP RECIPIENT



#### Stephen Williams

Stephen is a first year student at the University of Technology majoring in Mechanical Engineering.

#### Why did you choose this area of study?

Because it is the only course that feels comfortable doing. I love to work with machineries.

#### What is your greatest strength and why?

My greatest strength is my determination. I like to keep pushing until I achieve the goal set.

#### What are your hobbies?

My hobbies are playing football and watching television.

#### How has the scholarship impacted you?

It has helped to reduce the struggle in funding my tuition.

#### What is your advice to persons who wants to attend college, but believe they cannot afford it?

I would advise them to work hard in high school so they can get good grades and take part in clubs and society then apply for scholarships.





“

I believe where  
you come from  
is a part of who  
you are but it  
does not define  
who you are.

”



## TOP PERFORMER

**Javan Williams**

Javan Williams – Top Student, AC Technicians' Training Programme

**1. How has the programme impacted your life?**

"Give a man a fish, and you feed him for a day. Teach a man to fish, and you feed him for a lifetime." This would best describe the impact that this program has had on me. It has given me training and a new skillset as well as access to a wealth of information and expertise in the field of HVAC. It has introduced me to a variety of persons who have given me lifelong advice and provided a great deal of insight and perspective on not only professional pursuits but many life lessons as well. Most importantly it has provided an opportunity to continue learning and expanding my new skillset.

**2. What are your hobbies?**

My hobbies include playing and watching football, doing research on various topics to broaden my knowledge, spending time with friends, and playing video games (mostly PUBG).

**3. What is your greatest strength and why?**

I believe my greatest strength is twofold. I believe it to be the combination of my love for knowledge as well as my passion for passing that knowledge on to others. Teaching has been a skill I have had since my early years and I have had many experiences within this program to make use of that my ability to absorb information and pass it on to others in ways that they will understand and remember.

**4. Where do you see yourself in the next five years?**

In the next five years I see myself owning my own home, opening my own business as well as a charity for persons with mental challenges.

**5. Did you have the opportunity to learn new skills and what were some of the skills you obtained?**

I had many opportunities to learn new skills over the course of the program. Some of the skills I learnt included: knowledge of the basic HVAC system and components; basic troubleshooting techniques; commissioning procedures; as well as basic soldering and brazing techniques among a plethora of other topics.

**6. Was the training programme a great learning experience, if yes how so?**

The training program has been a great learning experience for me. It has exposed me to a new field of study and profession as well given me a greater appreciation of the HVAC and service industry in general. The two facilitators which I had for the duration of the program were very knowledgeable and aided at every turn with both theory and practical lessons, and were never afraid to expose me to new information.

**7. What were some of the challenges you had experienced during the training programme and how did you overcome them?**

I experienced very few challenges whilst on the program, as I was facilitated with funds for both transportation as well as food. The only challenge of note which I experienced was the duration of the course being extended indefinitely at times, this was a test in patience and 'stick-to-it-iveness' but was easily overcome by my need to learn.

**8. What was the best part of the training programme for you and why?**

My favorite part of the program was the practical portion. Being on the road, getting hands-on experience, learning new things every day, going from place to place across Jamaica. It was for want of a better word exciting. Seeing various kinds of units and getting to understand how they worked and the many accessories and how they worked together to provide the desired effects.

**9. Do you think the programme has changed your direction in life?**

I don't believe it has changed my direction in life but rather, provided me with a further option a way of propelling myself further along the path to success.

**10. What has been your greatest achievement in life?**

I believe my greatest achievement in life to date was gaining acceptance to the University of the West Indies. Although not able to complete my studies had to be cut short due to lack of financial support, I still hold this accomplishment in high esteem and hope to complete my undergraduate studies in future.

**11. Tell me how other people would describe you?**

I believe most would describe me as knowledgeable, kind, caring and among other things a good teacher and a quick learner.

**12. What is your future aspiration?**

In future I aspire to own my own business, I currently have several options in terms of ventures to undertake and am currently looking into the various niches within both our country as well as the possible future expansion of same regionally.

**13. Do you believe where you come from defines you? Please elaborate.**

I believe where you come from is a part of who you are but it does not define who you are. It is a component of you not the whole. I believe you decide what defines you, what components of yourself that you make a part of the person you want to be. Where I come from is an important part of my history, knowing where I come from is important, but it does not dictate where I will go in life. That is up to my own decisions as to what path I take.



Dane McGregor, Director of the CAC 2000 Foundation trains a group of students in the AC Technicians Training Programme.

## Training

We continued our meaningful partnership with the Jamaica Social Investment Fund (JSIF) as part of its strategic plan to contribute to the professional development of youths in their industry. Through this partnership, we had the responsibility of training youths in the HVAC principles and soft skills. We also paired participants with change-makers from CAC 2000, who could enlighten them with the necessary skills to make them a valuable asset to any organization they join. We are thankful for the contribution of its Director Dane McGregor, who contributed immensely to the partnership and impacting the lives of the participants.

This year's cohort was comprised of persons regardless of gender or their socioeconomic status. The partnership included 132 trainees; 72 of those successfully graduated. Approximately 40 of the enrollees are working. Twelve of which were placed within our parent company and with sub-contractors while others received placements at organizations such as Goshen Distributors and the University Hospital of the West Indies (UHWI). We are overjoyed with the hard work that has been displayed by all the train-



From left: Demol Thompson, Paul Hall, Franz Brown, Lance Williams, Javan Williams, Kimarley Salmon, graduates of the programme working with CAC 2000 Ltd.

ees since the programme's inception and pleased to be linked to this initiative.

This project allowed us to contribute to several of the United Nations's Sustainable Development Goals (SDGs) in a meaningful way, such as #4 Quality Education, #1 Zero Poverty, #8 Decent Work and #17 Partnerships to achieve the Goal. Our expenditure totaled \$21 million from the JSIF partnership, less commission. This partnership was

made possible through generous funding from the World Bank, and we will be actively pursuing programmes of this nature as we fulfill our steady desire to impact lives. Partnerships of this nature facilitate our purpose of positively influencing the socioeconomic realities of our surrounding communities.



## SCHOLARSHIP RECIPIENT

**Toni-Shea Grey**

Toni-Shea is a first-year student at the University of the West Indies majoring in Integrated Marketing Communications.

**Why did you choose this area of study?**

I am an outgoing, charismatic individual who enjoys interacting with others and Integrated Marketing Communication has the perfect blend of marketing and public relations that I aspire to engage in.

**What is your greatest strength and why?**

My greatest strength is my faith in God. I live daily by Phillippians 4:13, "I can do all things through Christ who strengthens me". My faith has enabled me to exercise patience in the most difficult of situations and has allowed me to remain optimistic in the face of adversity. I have found that my relationship with God has also encouraged others to remain positive and faithful despite hardships and struggle.

**What are your hobbies?**

In my spare time, I enjoy reading and writing novels and poems, singing, volunteering, sight-seeing and spending quality time with family and friends.

**How has the scholarship impacted you?**

The Audrey Roberts Scholarship has greatly assisted in easing the financial burden associated with my university tuition. As such, it has given me peace of mind and enabled me to comfortably sit my examinations with no undue financial strain. I am indeed honoured to have been chosen as the recipient of this award.

**Raising Awareness**

In the matching spirit of engineering growth, we recently joined the Caribbean Philanthropic Alliance to strengthen the Foundation's ability to be change-makers beyond the borders of Jamaica. Though our induction is still fairly new, being part of the Alliance has allowed us to network with several local and regional entities with similar functions and like-minded goals.

What's great about this partnership, is Caribbean Philanthropic Alliance was recently acknowledged by the United Nations (UN) as one of the "Accelerated Actions" that will propel achievements of the SDGs in the Caribbean region. "SDG Acceleration Actions" are initiatives voluntarily undertaken by countries and other stakeholders to contribute to a speeded up implementation of the 2030 Agenda. This has given us the opportunity to go to the United Nations, establishing increased global connections.

Annually, we partner with the Pacers Running Club to raise money for programmes at The Step Centre, a School for the Therapy, Education and Parenting of children with multiple disabilities. In November 2019, this joint partnership raised over \$800,000 that will be used to support various activities at the Step Centre.

We are excited for the promising future that awaits as we seek to touch more lives. Through more partnerships, scholarships and skill training, we hope that all those influenced will become nation builders and thought leaders who will also seek to engineer change. As we continue to grow and create meaningful experiences, so will the educational and personal development of the lives we impact.







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# Audited Financial Statements



## *Independent auditor's report*

To the Member 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 2019, 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**

CAC 2000 Limited's financial statements comprise:

- the statement of financial position as at 31 October 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in stockholder's 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.

#### *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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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](http://www.pwc.com/jm)

L.A. McKnight P.E. Williams 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




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### *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**

We have determined that there are no key audit matters to communicate in our report.

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### *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, related safeguards.



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.

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#### *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.

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

A handwritten signature in blue ink, appearing to read "Paul Williams", written over the printed name.

Chartered Accountants  
27 December 2019  
Kingston, Jamaica

**Statement of Financial Position**


As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	4	44,119,401	51,854,814
<b>Current assets</b>			
Tax recoverable		14,274,091	7,311,478
Inventories	5	343,923,189	367,004,488
Due from related parties	12	44,039,667	11,696,022
Trade and other receivables	6	510,805,102	485,472,990
Investments		549,894	269,759
Cash and bank deposits	7	221,483,721	117,041,833
		<u>1,135,075,664</u>	<u>988,796,570</u>
<b>Total assets</b>		<u>1,179,195,065</u>	<u>1,040,651,384</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Stockholders' net equity</b>			
Share capital	8	129,189,757	129,189,757
Capital redemption reserve	9	56,070,657	56,070,657
Retained earnings		181,685,274	302,275,721
		<u>366,945,688</u>	<u>487,536,135</u>
<b>Non-current liabilities</b>			
Borrowings	10	206,996,023	210,096,707
Net obligations under finance lease	11	-	1,080,789
		<u>206,996,023</u>	<u>211,177,496</u>
<b>Current liabilities</b>			
Borrowings	10	107,093,409	2,964,038
Net obligations under finance lease	11	1,080,789	2,995,854
Due to related parties	12	60,267,447	6,803,481
Trade and other payables	13	436,811,709	328,728,403
Tax payable		-	445,977
		<u>605,253,354</u>	<u>341,937,753</u>
<b>Total equity and liabilities</b>		<u>1,179,195,065</u>	<u>1,040,651,384</u>

Approved for issue by the Board of Directors on 23 December 2019 and signed on its behalf by:

  
 Steven Marston Director

  
 Edward Alexander Director



CAC 2000 LIMITED

## Statement of Comprehensive Income

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$	2018 \$
<b>Revenue</b>	14	1,120,194,094	1,210,990,427
Cost of sales		<u>(768,678,600)</u>	<u>(757,800,261)</u>
<b>Gross Profit</b>		351,515,494	453,190,166
Other income	18	47,210,722	19,032,213
Distribution expenses		(21,704,784)	(37,014,671)
Administrative expenses		<u>(367,823,219)</u>	<u>(347,140,225)</u>
<b>Operating Profit</b>		9,198,213	88,067,483
Foreign exchange (loss)/gains		(7,285,105)	6,046,281
Interest income		282,280	3,325,094
Finance costs	19	<u>(28,703,851)</u>	<u>(22,673,331)</u>
<b>(Loss)/Profit before Taxation</b>		(26,508,463)	74,765,527
Taxation	20	<u>-</u>	<u>-</u>
<b>Net (Loss)/Profit, being Total Comprehensive Income for the Year</b>		<u><u>(26,508,463)</u></u>	<u><u>74,765,527</u></u>
<b>Earnings per stock unit attributable to owners of the parent during the year</b>			
Basic and fully diluted	22	<u><u>(0.21)</u></u>	<u><u>0.58</u></u>

## Statement of Changes in Stockholders' Net Equity

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$	Capital Redemption Reserve \$	Retained Earnings \$	Total \$
<b>Balance at 1 November 2017</b>		129,189,757	-	293,903,431	423,093,188
Net profit, being total comprehensive income for the year		-	-	74,765,527	74,765,527
Preference shares redeemed	9,10	-	56,070,657	(56,070,657)	-
Dividends	21	-	-	(10,322,580)	(10,322,580)
<b>Balances at October 31, 2018</b>		129,189,757	56,070,657	302,275,721	487,536,135
Change in accounting policy	27	-	-	(89,565,855)	(89,565,855)
<b>Restated total equity at 1 November 2018</b>		129,189,757	56,070,657	212,709,866	397,970,280
Net loss, being total comprehensive income for the year		-	-	(26,508,463)	(26,508,463)
Dividends	21	-	-	(4,516,129)	(4,516,129)
<b>Balances at October 31, 2019</b>		129,189,757	56,070,657	181,685,274	366,945,688



CAC 2000 LIMITED

## Statement of Cash Flows

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>			
Net (loss)/profit		(26,508,463)	74,765,527
Adjustments for:			
Taxation	20	-	-
Depreciation	4	22,468,542	22,925,849
Gain on disposal of property, plant & equipment		(2,050,165)	(7,031,186)
Unrealised gains on financial assets at fair value through profit and loss		(280,134)	(100,312)
Movement in expected credit loss	6	(10,412,928)	5,552,988
Bad debts written off		(41,047)	(338,688)
Provision for inventory obsolescence		203,225	(2,291,905)
Net foreign exchange losses/(gains)		1,001,334	(7,018,934)
Finance costs	19	23,927,351	22,673,331
Interest income		(282,280)	(3,325,094)
		<u>8,025,435</u>	<u>105,811,576</u>
Changes in operating assets and liabilities:			
Inventories		22,878,074	(155,987,923)
Trade and other receivables		(103,842,292)	45,452,978
Trade and other payables		106,853,471	32,824,985
Due from related parties		(32,343,645)	(11,696,022)
Cash provided by operations		<u>1,571,043</u>	<u>16,405,594</u>
Tax paid		(6,178,759)	(4,002,085)
Net cash (used in)/provided by operating activities		<u>(4,607,716)</u>	<u>12,403,509</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of property, plant and equipment	4	(16,058,661)	(29,632,558)
Proceeds from disposal of property, plant and equipment		2,774,000	7,433,970
Acquisition of investments		-	(169,447)
Interest received		<u>282,280</u>	<u>3,405,279</u>
Net cash used in by investing activities		<u>(13,002,381)</u>	<u>(18,962,756)</u>
Net cash flows used in operating and investing activities brought forward to page 5		<u>(17,610,097)</u>	<u>(6,559,247)</u>

**Statement of Cash Flows (Continued)**

As at 31 October 2019

*(Expressed in Jamaican dollars unless otherwise indicated)*

	<b>Note</b>	<b>2019 \$</b>	<b>2018 \$</b>
Net cash flows used in operating and investing activities brought forward from page 4		<u>(17,610,097)</u>	<u>(6,559,247)</u>
<b>Cash Flows from Financing Activities</b>			
Dividends paid	21	(4,516,129)	(10,322,580)
Redemption of preference shares		-	(148,037,000)
Proceeds from issue of redeemable preference shares		-	200,000,000
Repayment of bank loans		(95,503,250)	(111,970,721)
Proceeds from bank loans		196,531,937	19,168,261
Finance lease, net		(2,995,854)	(2,658,668)
Interest paid		(23,927,351)	(22,673,331)
Related parties, net		<u>53,463,966</u>	<u>1,381,042</u>
Net cash provided by/(used in) financing activity		<u>123,053,319</u>	<u>(75,112,997)</u>
Net increase/(decrease) in cash and cash equivalents		105,443,222	(81,672,244)
Effects of exchange rate changes on cash and cash equivalents		<u>(1,001,334)</u>	<u>7,018,934</u>
Net increase/(decrease) in cash and cash equivalents		104,441,888	(74,653,310)
Cash and cash equivalents at beginning of year		<u>117,041,833</u>	<u>191,695,143</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	7	<u><u>221,483,721</u></u>	<u><u>117,041,833</u></u>



## Notes to the Financial Statements

As at 31 October 2019

(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 (see 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:

- **IFRIC 22, 'Foreign currency transactions and advance consideration'** (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The adoption did not have a material impact on the financial statements of the Company.

## Notes to the Financial Statements

As at 31 October 2019

(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)**

- **IFRS 9, 'Financial instruments'**, (effective for annual periods beginning on or after 1 January 2018)

Classification and valuation: As of 1 November 2018, the Company has evaluated its business model for financial assets and concluded that there was no material impact on the financial statements.

Impairment: The Financial assets of the Company to which the new impairment method is applicable, are cash and cash equivalents, related party balances and trade receivables. The Company has reviewed its methodology for registering impairment in accordance with IFRS 9 for cash and cash equivalents, related party balances and trade receivables, determining that the impairment is immaterial, considering the low risk of the banking institutions and the fact that there is no history of credit loss on such assets. For the trade receivables, the Company has applied the simplified version of IFRS 9 in order to estimate the expected credit loss of receivables. Refer to note 6 for details of adjustment resulting from application of the IFRS 9 standards for determining impairment.

##### **Financial Assets**

###### Classification

From 1 November 2018, 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.

## Notes to the Financial Statements

As at 31 October 2019

(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)**

- **IFRS 9, 'Financial instruments' (continued)**

##### Impairment

From 1 November 2018, the Company assesses impairment on a forward-looking basis for the expected credit losses (ECL) associated with its financial assets classified at amortised cost.

##### *Application of Simplified Approach*

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.

There was no significant impact on the financial statements arising from the adoption of IFRS 9.

Refer to note 6 for details of adjustment resulting from application of the IFRS 9 standards for determining impairment.

##### **Accounting policies effective up to 31 October 2018**

The Company applied IFRS 9 on 1 November 2018 and has elected not to restate comparative information in accordance with the transitional provisions in IFRS 9 [7.2.15]. As a result, the comparative information was accounted for in accordance with the Company's previous accounting policy described below.

##### Classification

Until 31 October 2018, the Company classified its financial assets as loans and receivables. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its investments at initial recognition and re-evaluated this designation at every reporting date.

Financial assets classified as loans and receivables either meet the definition of loans and receivables at the date of acquisition, or at the date of reclassification from another category (fair value through profit or loss or available-for-sale), under the provisions of IAS 39. Financial assets which have been reclassified to this category, meet the definition of loans and receivables as a result of the market for these securities becoming inactive during the financial year.



## Notes to the Financial Statements

As at 31 October 2019

(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)

- **IFRS 9, 'Financial instruments' (continued)**

#### Accounting policies effective up to 31 October 2018 (continued)

##### Recognition and measurement

Loans and receivables are initially recognised at fair value plus transaction costs, are subsequently carried at amortised cost using the effective interest method, or cost where the asset is short-term, and its cost is deemed to approximate amortised cost.

##### Impairment of financial assets

Under IAS 39, the Company assessed at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset was considered impaired if its carrying amount exceeded its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost was calculated as the difference between the assets' carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market rate for a similar financial asset.

- **IFRS 15, 'Revenue from Contracts with Customers' including subsequent clarifications and amendments** (effective for annual periods beginning on or after 1 January 2018). The Company adopted the accounting standard effective 1 November 2018. The Company has adopted the standard using the cumulative catch-up method, which means that the cumulative impact of the adoption has been recognised in retained earnings/(accumulated deficit) as of 1 April 2018 and comparatives have not been restated. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The new standard introduced the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. The standard provides a single, principle based five-step model to be applied to all contracts with customers. Costs incurred to secure contracts with customers are required to be capitalised and amortised over the period when the benefits of the contract are consumed. Amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). IFRS 15 mainly affects the timing of revenue recognition as it introduces additional differences between billing and the recognition of revenue. It is important to note that, whilst the change from the old revenue recognition standards to IFRS 15 can impact on the timing of revenue and profit recognition on individual contracts in a particular accounting period, it does not change the overall revenue, profit or cash generated over the life of the contract.

## Notes to the Financial Statements

As at 31 October 2019

(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)**

- **IFRS 15, 'Revenue from Contracts with Customers' including subsequent clarifications and amendments (continued)**

The main impacts arising from adoption of the standard are as follows:

##### 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 2018, 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 or 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.

## Notes to the Financial Statements

As at 31 October 2019

(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 (continued)**

- **IFRS 16, 'Leases'** (effective for annual periods beginning on or after 1 January 2019 with earlier adoption permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company will apply the new standard using the modified retrospective approach with the cumulative effect of applying IFRS 16 recognised in retained earnings at 1 November 2019. Comparatives for the 2020 financial statements will not be restated.

The Company currently has lease liabilities attributable to leases which have been classified as operating leases under IAS 17. Management intends to assess the present value of the remaining lease payments, discounted using the incremental borrowing rate and recognize the right of use asset at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments related to the lease. The Company is still in the process of assessing the impact on the financial statements.

- **Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities** (effective for annual periods beginning on or after 1 January 2019). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The adoption of this standard is not expected to have a significant impact on the Company.



## Notes to the Financial Statements

As at 31 October 2019

(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 (continued)**

- **Annual improvements 2015–2017** (effective for annual period beginning on or after 1 January 2019). These amendments include the following minor changes applicable to the Company:
  - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way; and
  - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The adoption of this standard is not expected to have a significant impact on the Company.

- **IFRIC 23, 'Uncertainty over income tax treatments' statements'** (effective for annual period beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The Company will apply this interpretation from 1 November 2019 but does not currently have any significant tax uncertainty to which this may apply.

- **Amendments to IAS 1 and IAS 8 on the definition of material** (effective for annual period beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The adoption of this standard is not expected to have a significant impact on the Company.
- **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform** (effective for annual period beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform 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. The adoption of this standard is not expected to have a significant impact on the Company.

## Notes to the Financial Statements

As at 31 October 2019

(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 (continued)**

- **Amendments to IFRS 3 – definition of a business** (effective for annual period beginning on or after 1 January 2020). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. The adoption of this standard is not expected to have a significant impact on the Company.

#### (b) Property, plant and equipment

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

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

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

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

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

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

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

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (c) 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 its 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.

#### (d) Financial instruments

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

##### *Financial assets*

For the purpose of these financial statements, financial assets have been determined to include cash and deposits, investments, amounts due from related parties and trade, and other receivables. The Company's policy on financial assets is described in note 2b.

##### *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.

#### (e) 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.

#### (f) Accounts receivable

Trade and other receivables are measured at amortised cost, less impairment losses.



## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (g) 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.

#### (h) 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.

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (i) 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.

#### (j) 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.

#### (k) Leases

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.

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (l) Accounts payable

Trade and other payables are measured at amortised cost.

#### (m) 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.

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.

#### (n) 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.



## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for discounts, rebates and other similar allowances.

##### (i) Installations

The Company recognises the revenues and costs of installation contracts in profit or loss in proportion to the stage of completion of the contract in a manner that best reflects cumulative achievement of the performance obligations. Contract expenses are recognised as incurred unless they create an asset related to future contract activity. Full provision is made for all anticipated losses based on estimated final completion costs.

##### (ii) Service contracts

The Company recognises revenue when service is provided under the terms of the contract.

##### (iii) Sale of equipment

Revenue arising on the outright sale of equipment and spare parts is recognised on invoicing and the customer taking delivery of items.

From 1 November 2018, the revenue recognition policies were applied by the company are detailed in note 2a.

#### (p) 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.

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (q) Net finance cost

Net finance income 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.

#### (r) 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.

#### (s) Dividends:

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

#### (t) 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.

#### (u) 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.

#### (v) 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.

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 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 construction contracts

Revenues from construction 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

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

## 4. Property, Plant and Equipment

	At Cost -					
	Leasehold Improvements	Plant Machinery, Tools & Equipment	Furniture, Fixtures & Equipment	Computers & Related Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
1 November 2017	23,444,537	3,852,598	3,874,685	27,709,380	40,132,090	99,013,290
Additions	485,471	144,110	650,926	2,881,198	25,470,853	29,632,558
Disposal	-	-	-	-	(6,761,420)	(6,761,420)
31 October 2018	23,930,008	3,996,708	4,525,611	30,590,578	58,841,523	121,884,428
Additions	3,066,970	11,423,627	676,822	891,242	-	16,058,661
Disposal	-	-	-	-	(3,619,174)	(3,619,174)
Adjustments	-	-	-	-	(601,699)	(601,699)
31 October 2019	26,996,978	15,420,335	5,202,433	31,481,820	54,620,650	133,722,216
<b>Accumulated Depreciation -</b>						
1 November 2017	9,744,179	2,793,420	1,631,846	17,672,732	21,620,224	53,462,401
Charge for the year (note 15)	4,498,042	303,990	393,323	6,464,972	11,265,522	22,925,849
Relieved on disposal	-	-	-	-	(6,358,636)	(6,358,636)
31 October 2018	14,242,221	3,097,410	2,025,169	24,137,704	26,527,110	70,029,614
Charge for the year (note 15)	4,620,695	1,034,201	474,504	5,113,067	11,226,075	22,468,542
Relieved on disposal	-	-	-	-	(2,895,341)	(2,895,341)
31 October 2019	18,862,916	4,131,611	2,499,673	29,250,771	34,857,844	89,602,815
<b>Net Book Values -</b>						
31 October 2019	8,134,062	11,288,724	2,702,760	2,231,049	19,762,806	44,119,401
31 October 2018	9,687,787	899,298	2,500,442	6,452,874	32,314,413	51,854,814

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

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

The Company leases various motor vehicles under non-cancellable finance lease agreements (note 10). The lease terms are four years. At year end, the net book value of motor vehicles acquired under finance leases was \$896,919 (2018 - \$4,076,643).

### 5. Inventories

	2019 \$	2018 \$
Merchandise/equipment	79,346,127	101,078,213
Work-in-progress	77,760,071	37,209,699
Service supplies/parts	95,940,920	114,797,153
Goods in transit	104,567,128	127,407,254
	357,614,246	380,492,319
Provision for obsolescence	(13,691,057)	(13,487,831)
	<u>343,923,189</u>	<u>367,004,488</u>

The cost of inventories recognised as cost of sales during the year was \$539,538,275 (2018 - \$507,802,495).

### 6. Trade and Other Receivables

	2019 \$	2018 \$
Trade	574,662,926	472,726,129
Less: expected credit loss	(98,863,288)	(25,662,212)
	475,799,638	447,063,917
Other receivables	21,361,928	28,436,575
Prepayments	13,643,536	9,972,498
	<u>510,805,102</u>	<u>485,472,990</u>

Included in other receivables is \$884,000 (2018 - \$16,552,093) held by a financial institution and hypothecated to support performance guarantees issued by the institution on behalf of the Company.

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 \$35,369,656 (2018 - \$33,057,061) in relation to this venture.

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 6. Trade and Other Receivables (Continued)

Ageing of trade receivables at the reporting date was:

	2019			2018	
	Gross Carrying Amount	Expected Credit Loss Rate	Expected Credit Loss	Gross	Loss Allowance
	\$		\$	\$	\$
0-30 days	156,263,184	9%	14,793,288	73,428,772	-
31-60 days	45,746,767	10%	4,617,310	27,223,494	-
61-180 days	105,861,192	13%	13,605,948	129,824,322	-
More than 180 days	266,791,783	25%	65,846,742	242,249,541	25,662,212
	<u>574,662,926</u>		<u>98,863,288</u>	<u>472,726,129</u>	<u>25,662,212</u>

Movement in allowance for doubtful debts on trade receivables

	2019 \$	2018 \$
<b>31 October – calculated under IAS 39</b>	25,662,212	20,447,912
Amounts restated through opening retained earnings	<u>89,565,854</u>	<u>-</u>
<b>Opening loss allowance as at 1 November 2018 – calculated under IFRS 9</b>	115,228,066	20,447,912
(Decrease)/increase in loss allowance recognised in income statement	(10,412,928)	5,552,988
Bad debt recovered	(5,910,803)	-
Bad debt written off	<u>(41,047)</u>	<u>(338,688)</u>
Balance at end of year	<u>98,863,288</u>	<u>25,662,212</u>

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.

#### *Previous accounting policy for impairment of trade receivables*

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but was not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.



## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 7. 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.

	2019 \$	2018 \$
Cash on hand and in bank	144,062,014	44,689,874
Deposits	<u>77,421,707</u>	<u>72,351,959</u>
	<u>221,483,721</u>	<u>117,041,833</u>

Cash and cash equivalents are denominated in the following currencies:

	2019 \$	2018 \$
Jamaican dollars	129,383,930	35,473,531
US dollars	91,170,304	80,685,470
Other	<u>929,487</u>	<u>882,832</u>
	<u>221,483,721</u>	<u>117,041,833</u>

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

	2019 %	2018 %
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\$	0-6.58	0 - 6.58
- US\$	0-0.75	0 - 0.75
- GBP	<u>0.19</u>	<u>0.17</u>

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 8. Share Capital

	2019 No.	2018 No.
Authorised in shares -		
Ordinary units of no par value	200,000,000	200,000,000
Fixed and variable rate cumulative redeemable preference shares	<u>350,000,000</u>	<u>350,000,000</u>
	2019 \$	2018 \$
Issued and fully paid as stock units -		
129,032,258 ordinary units (2018 - 129,032,258)	138,773,634	138,773,634
Less: Share issue costs	<u>(9,583,877)</u>	<u>(9,583,877)</u>
	129,189,757	129,189,757
200,000,000 fixed and variable rate cumulative redeemable preference shares (2018 - 200,000,000)	<u>200,000,000</u>	<u>200,000,000</u>
	329,189,757	329,189,757
Less: Redeemable preference shares classified as liability (note 10)	<u>(200,000,000)</u>	<u>(200,000,000)</u>
	<u>129,189,757</u>	<u>129,189,757</u>

### 9. Capital Redemption Reserve

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

### 10. Borrowings

	2019 \$	2018 \$
(i) Redeemable preference shares	200,000,000	200,000,000
(ii) Bank of Nova Scotia Jamaica Limited	9,089,432	13,060,745
(iii) Bank of Nova Scotia Jamaica Limited	<u>105,000,000</u>	<u>-</u>
	<u>314,089,432</u>	<u>213,060,745</u>
Current portion of borrowings	107,093,409	2,964,038
Non-current portion of borrowings	<u>206,996,023</u>	<u>210,096,707</u>
	<u>314,089,432</u>	<u>213,060,745</u>

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 10. Borrowings (Continued)

(i) Redeemable preference shares

	\$
Balance at 1 November 2017	148,037,000
Redemption of preference shares	<u>(148,037,000)</u>
	-
Proceeds from issue of redeemable preference shares	<u>200,000,000</u>
Balance at 31 October 2018 and 2019	<u>200,000,000</u>

In 2018, 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 (2018 - 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 (2018 - 8% and 10.5%).
- (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 \$23,434,323 (2018 - \$21,671,389).



## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 10. Borrowings (Continued)

#### Movement in Liabilities from Financing Activities

	Finance Leases \$	Loan Liabilities \$	Redeemable Preference Shares \$	Total \$
Net debt as at 1 November 2017	6,735,311	105,863,204	148,037,000	260,635,515
Acquisition	-	19,168,261	200,000,000	219,168,261
Repayment	(2,658,668)	(111,970,720)	(148,037,000)	(262,666,388)
Dividends declared	-	-	16,972,330	16,972,330
Dividends paid	-	-	(16,972,330)	(16,972,330)
Interest charged	665,162	3,897,147	-	4,562,309
Interest paid	(665,162)	(3,897,147)	-	(4,562,309)
Net debt as at 31 October 2018	4,076,643	13,060,745	200,000,000	217,137,388
Acquisition	-	196,531,937	-	196,531,937
Repayment	(2,995,854)	(95,503,250)	-	(98,499,104)
Dividend declared	-	-	19,000,000	19,000,000
Dividend paid	-	-	(19,000,000)	(19,000,000)
Interest charged	327,977	4,535,418	-	4,863,395
Interest paid	(327,977)	(4,535,418)	-	(4,863,395)
Net debt as at 31 October 2019	1,080,789	114,089,432	200,000,000	315,170,221

### 11. Obligations under Finance Lease

The Company entered into finance lease agreements for the purchase of motor vehicles. Obligations under these agreements are as follows:

	2019 \$	2018 \$
Minimum lease payments under finance lease		
Not later than 1 year	1,107,943	3,323,831
Later than 1 year and not later than 5 years	-	1,107,943
	1,107,943	4,431,774
Future interest payments	(27,154)	(355,131)
Present value of finance lease obligations	1,080,789	4,076,643

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 11. Obligations under Finance Lease (Continued)

The present value of the lease obligations is as follows:

	2019 \$	2018 \$
Not later than 1 year	1,080,789	2,995,854
Later than 1 year and not later than 5 years	-	1,080,789
	<u>1,080,789</u>	<u>4,076,643</u>

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

### 12. Related Party Transactions and Balances

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

	2019 \$	2018 \$
Amounts due from related parties -		
Cool Airco Limited	43,077,382	11,696,022
Shareholders' and directors' receivable	962,285	-
	<u>44,039,667</u>	<u>11,696,022</u>
Amounts due to related parties -		
Cool Airco Limited	59,980,428	6,484,983
Due to shareholders	287,019	318,498
	<u>60,267,447</u>	<u>6,803,481</u>
Net (liabilities)/assets	<u>(16,227,780)</u>	<u>4,892,541</u>

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

	2019 \$	2018 \$
Purchases - Cool Airco Limited	(99,623,911)	(88,955,000)
Administrative fees paid - Cool Airco Limited	(34,270,613)	(31,573,280)
Consultancy fees earned - Cool Airco Limited	<u>44,427,711</u>	<u>11,696,022</u>

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

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

(c) Key management personnel compensation is as follows:

	2019 \$	2018 \$
Salaries	41,088,148	54,263,782
Statutory contributions	4,009,333	5,585,969
Pension	180,000	180,000
	<u>45,277,481</u>	<u>60,029,751</u>
Directors' emoluments - Fees	<u>4,000,000</u>	<u>4,000,000</u>

### 13. Trade and Other Payables

	2019 \$	2018 \$
Trade payable	180,718,560	124,431,937
Customer deposits	124,213,325	81,936,411
Statutory contributions	4,487,500	4,328,831
Accruals	17,259,731	21,363,223
Other	110,132,593	96,668,001
	<u>436,811,709</u>	<u>328,728,403</u>

Included in other payables and accruals is \$72,984,467 (2018 - \$68,212,506) representing court awarded damages and other related costs (note 23).

### 14. 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 24 outlining revenue by segments.



## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 15. Expenses by Nature

Total distribution and administration expenses

	2019 \$	2018 \$
Directors fees	4,000,000	4,000,000
Staff costs (note 16)	200,953,884	191,778,158
Audit fees	4,400,000	4,500,000
Bad debt (recovered)/expense, net	(15,674,976)	6,039,118
Depreciation (note 4)	22,468,542	22,925,849
Legal and professional fees	74,196,056	57,734,065
Promotion, advertising and entertainment	2,353,807	8,588,171
Repairs and maintenance of property, plant and equipment	7,451,598	7,700,564
Insurance	21,077,609	18,658,645
Occupancy, utilities and communication	28,029,776	19,124,248
Local and foreign travel	4,870,569	7,369,628
Office supplies and computer	15,785,046	14,706,489
Security service	3,668,764	6,200,490
Warranty and guarantee	102,171	811,553
Donations	7,039,052	5,062,915
Other	8,806,105	8,955,003
	<u>389,528,003</u>	<u>384,154,896</u>

**Notes to the Financial Statements**

As at 31 October 2019

*(Expressed in Jamaican dollars unless otherwise indicated)***16. Staff Costs**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Administrative expenses -		
Salaries and wages	141,501,289	129,161,068
Statutory contributions	16,312,790	15,164,692
Pension	1,625,834	1,566,933
Other	26,950,485	22,854,603
	<u>186,390,398</u>	<u>168,747,296</u>
Selling and distribution -		
Salaries and wages	7,453,312	13,131,257
Commission	5,825,826	7,189,227
Statutory contributions	930,552	2,212,482
Pension	31,066	245,174
Other	322,730	252,722
	<u>14,563,486</u>	<u>23,030,862</u>
	<u>200,953,884</u>	<u>191,778,158</u>
Directors remuneration (note 12)	45,277,481	60,029,751
Staff costs	<u>155,676,403</u>	<u>131,748,407</u>
	<u>200,953,884</u>	<u>191,778,158</u>

**17. 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 \$1,656,900 (2018 - \$1,812,107).

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## Notes to the Financial Statements

As at 31 October 2019

*(Expressed in Jamaican dollars unless otherwise indicated)*

### 18. Other Income

	2019 \$	2018 \$
Gain on disposal of property, plant and equipment	2,050,165	7,031,186
Consultancy fees	44,427,711	11,696,022
Other	732,846	305,005
	<u>47,210,722</u>	<u>19,032,213</u>

### 19. Finance Costs

	2019 \$	2018 \$
Interest on -		
Bank loans	4,535,418	3,897,147
Finance lease	327,977	665,162
Dividends on redeemable preference share	19,000,000	16,972,330
Other	4,840,456	1,138,692
	<u>28,703,851</u>	<u>22,673,331</u>



## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 20. 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.

At 31 October 2019, the entity has Nil (2018 – Nil) taxation charge.

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

	2019 \$	2018 \$
(Loss)/Profit before taxation	<u>(26,508,463)</u>	<u>74,765,527</u>
Tax calculated at a rate of 25%	(6,627,116)	18,691,382
Effect of:		
Effect of excess depreciation over capital allowances	3,458,621	4,934,688
Disallowed items	<u>3,168,495</u>	<u>14,986,674</u>
	-	38,612,744
Adjustment for the effect of tax remission	<u>-</u>	<u>(38,612,744)</u>
	<u>-</u>	<u>-</u>

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 21. Dividends

Dividends and distributions paid, gross, are as follows:

	2019 \$	2018 \$
Interim dividend on ordinary stock units at \$0.035 (2018 - \$0.08) per stock unit – gross	<u>4,516,129</u>	<u>10,322,580</u>

### 22. 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.

	2019	2018
Net (loss)/profit attributable to shareholders (\$)	(26,508,463)	74,765,527
Weighted average number ordinary stock units in issue	129,032,258	129,032,258
Basic and diluted earnings per stock unit (\$)	<u>(0.21)</u>	<u>0.58</u>

### 23. 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.

Included in other payables and accruals is an accrual of \$72,984,467 covering the related interest on charges for the court awarded damages and estimated legal costs payable to the claimant's lawyers.

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.

#### (b) Operating lease commitments – where the Company is the lessee

Operating lease commitments represent rentals payable by the Company in respect of office buildings. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 \$	2018 \$
Not later than 1 year	2,110,106	3,959,664
Later than 1 year and not later than 5 years	-	3,959,664
Later than 5 years	-	-
	<u>2,110,106</u>	<u>7,919,328</u>

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 24. 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.

2019				
	Engineering	Residential Light and Commercial	Service	Total
	\$	\$	\$	\$
External segment revenues	665,485,994	210,929,750	243,778,350	1,120,194,094
Segment gross profit	171,245,590	71,895,626	108,374,278	351,515,494
Timing of revenue recognition				
At a point in time	318,430,698	138,247,045	243,778,350	700,456,093
Over time	347,055,296	72,682,705	-	419,738,001
	665,485,994	210,929,750	243,778,350	1,120,194,094

2018				
	Engineering	Residential Light and Commercial	Service	Total
	\$	\$	\$	\$
External segment revenues	796,587,971	226,763,712	187,638,744	1,210,990,427
Segment gross profit	286,769,601	85,201,784	81,218,781	453,190,166
Timing of revenue recognition				
At a point in time	367,849,474	141,618,992	187,638,744	697,107,210
Overtime	428,738,497	85,144,720	-	513,883,217
	796,587,971	226,763,712	187,638,744	1,210,990,427



## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 25. 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:

	2019		2018	
	US\$	GBP	US\$	GBP
Cash and deposits	91,170,304	929,487	80,685,470	746,356
Trade and other receivables	35,369,657	-	33,057,062	-
Due from/(to) related parties	43,395,156	-	(6,567,688)	-
Trade and other payables	(218,735,246)	-	(154,713,968)	-
Net exposure	(48,800,129)	929,487	(47,539,124)	746,356

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 25. 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, 2019	137.76	173.34
At October 31, 2018	129.82	166.21

#### 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 6% devaluation and 4% revaluation (2018 – 4% 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 2019 %	Effect on Profit before Tax 2019 \$'000	Change in Currency Rate 2018 %	Effect on Profit before Tax 2018 \$'000
<b>Currency:</b>				
USD	4%	(1,952,005)	2%	(950,782)
USD	-6%	2,928,008	-4%	1,901,565
GBP	4%	37,179	2%	14,927
GBP	-6%	(55,769)	-4%	(29,854)

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.

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 25. 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:

	<b>Carrying Amount</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Fixed rate instruments		
Financial assets	77,068,501	117,023,922
Financial liabilities	(115,170,221)	(17,137,388)
	<u>(38,101,720)</u>	<u>99,886,534</u>
Variable rate instrument		
Financial liability	(200,000,000)	(200,000,000)
	<u>(238,101,720)</u>	<u>(100,113,466)</u>



## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 25. 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 (2018 - 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 2018.

	2019		2018	
	Effect on Profit before Tax		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 6 for details of credit exposure for trade receivable.

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 25. 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.

	2019				
	Carrying amount	Contractual cash flows	0 - 12 months	1 – 2 years	2 – 5 years
Trade and other payables	436,811,709	436,811,709	436,811,709	-	-
Due to related parties	60,267,447	60,267,447	60,267,447	-	-
Borrowings	314,089,432	386,072,456	133,547,248	41,894,987	210,630,221
Net obligations under finance lease	1,080,789	1,107,943	1,107,943	-	-
	<u>812,249,377</u>	<u>884,259,555</u>	<u>631,734,347</u>	<u>41,894,987</u>	<u>210,630,221</u>

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 25. Financial Risk Management (Continued)

#### (c) Liquidity risk (continued)

	2018				
	Carrying amount	Contractual cash flows	0 - 12 months	1 – 2 years	2 – 5 years
Trade and other payables	328,728,403	328,728,403	328,728,403	-	-
Due to related parties	6,803,481	6,803,481	6,803,481	-	-
Borrowings	213,060,745	305,000,719	23,716,937	24,026,640	257,257,142
Net obligations under finance lease	4,076,643	4,431,774	3,323,830	1,107,944	-
	<u>552,669,272</u>	<u>644,964,377</u>	<u>362,572,651</u>	<u>25,134,584</u>	<u>257,257,142</u>

#### (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 2018.



## Notes to the Financial Statements

As at 31 October 2019

*(Expressed in Jamaican dollars unless otherwise indicated)*

### 26. 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.

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 27. Changes in Accounting Policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments on the Company's financial statements.

#### (a) Impact on financial statements

The Company has adopted IFRS 9 for the financial year ending 31 October 2019 which resulted in a change in the Company's accounting policies. As explained in note 2, IFRS 9 was generally adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the balance sheet at 31 October 2018 but are recognised in the opening balance sheet on 1 November 2018.

The following table shows the adjustment recognised for each individual line item for the statement of financial position. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

#### Statement of Financial Position

	31 October 2018 As originally presented \$'000	IFRS 9 \$	1 November 2018 Restated \$
<b>Non-current asset</b>	51,854,814	-	51,854,814
<b>Current assets</b>			
Income tax recoverable	7,311,478	-	7,311,478
Inventories	367,004,488	-	367,004,488
Due from related parties	11,696,022	-	11,696,022
Trade and other receivables	485,472,990	(89,565,854)	395,907,136
Investments	269,759	-	269,759
Cash and bank deposits	117,041,833	-	117,041,833
	988,796,570	(89,565,854)	899,230,716
<b>Total assets</b>	1,040,651,384	(89,565,854)	951,085,530
<b>EQUITY AND LIABILITIES</b>			
<b>Stockholders' net equity</b>			
Share capital	129,189,757	-	129,189,757
Capital reserve	56,070,657	-	56,070,657
Retained earnings	302,275,721	(89,565,854)	212,709,867
	487,536,135	(89,565,854)	397,970,281
<b>Liabilities</b>	553,115,249	-	553,115,249
	1,040,651,384	(89,565,854)	951,085,530

## Notes to the Financial Statements

As at 31 October 2019

(Expressed in Jamaican dollars unless otherwise indicated)

### 27. Changes in Accounting Policies (Continued)

#### (b) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments from 1 November 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The impact on the Company's retained earnings as at 1 November 2018 is due to the increase in provision for trade receivables of \$89,565,854.

#### (i) Classification and measurement

On 1 November 2018 (the date of initial application of IFRS 9), the Company determine which business models applied to its financial assets but however did not result in any significant reclassification of its financial instruments as investment securities were carried at fair value through profit and loss.

#### (ii) Impairment of financial assets

The Company's financial assets that is subject to IFRS 9's new expected loss credit loss model is trade receivable.

The Company was required to revise its impairment methodology under IFRS 9 for this financial asset. The impact of the change to retained earnings and equity is disclosed in the table in note 27 (a) above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

#### *Trade receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in an increase of the loss allowance on 1 November 2018 to \$115,228,066 Company for trade receivables. Note 6 provides for details about the calculation of the allowance. The loss allowance decreased by \$10,412,928 for the Company during the current reporting period.

#### *Related parties*

The Company applies the IFRS 9 general approach to measuring expected credit losses for related party balances. There was no loss allowance on 1 November 2018 for related parties and at 31 October 2019.



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## FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of the above named Company, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or  
failing him \_\_\_\_\_  
of \_\_\_\_\_ as my/our proxy  
to vote for me and on my behalf at the 2020 Annual General Meeting of CAC 2000  
Limited to be held on June 29, 2020 at 3:00 p.m. and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature \_\_\_\_\_ (Signature of primary shareholder)

Name: \_\_\_\_\_ (Name of primary shareholder)

Signature \_\_\_\_\_ (Signature of secondary shareholder)

Name: \_\_\_\_\_ (Name of secondary shareholder)



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