

KNUTSFORD EXPRESS SERVICES LIMITED

GROUP FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2023

KNUTSFORD EXPRESS SERVICES LIMITED

GROUP FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of KNUTSFORD EXPRESS SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of Knutsford Express Services Limited (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group") set out on pages 7 to 49. These financial statements comprise the Group and the Company statements of financial position as at May 31, 2023, the Group and Company statements of comprehensive income, the Group and Company statements of changes in equity, and the Group and Company statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Independent Auditor's Report (cont'd)

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Key audit matters (cont'd)

Key Audit matters	How the matter was addressed in our audit
<p>1) <u>Goodwill Impairment Assessment</u></p> <p>The Group had goodwill of \$4,500,000 arising from the acquisition of SouthCoast Express Limited by Knutsford Express Services Limited.</p> <p>The annual impairment assessment requires management's judgement in determining estimated future earnings from the coaches, taking into consideration going concern ability, inflation rate, growth rate and other underlying assumptions.</p> <p>2) <u>Related Party Balance Impairment Assessment</u></p> <p>The Company has related party balances due from its three (3) subsidiaries: KE Connect Limited, MVL Greenvale Limited and Knutsford Express Investments Limited</p> <p>Management is required to use its judgement in assessing the ability of each subsidiary to repay the amounts owing to its parent company.</p>	<p>Our audit procedures to address the key audit matter relating to the impairment of goodwill included the following:</p> <p>i) We have reviewed management's assertions, including the identification of the underlying cash generating assets.</p> <p>ii) We have assessed and reviewed the Group's performance and the ability of each company within the Group to continue as a going concern. The analysis of the external and internal environments takes into account the current inflationary impact on the general economy.</p> <p>Based on the procedures performed, the Group's goodwill was assessed as being fairly stated and as such no impairment loss was recognised in the profit and loss.</p> <p>Our audit procedures to address the key audit matter relating to the impairment of related party balances included the following:</p> <p>i) We reviewed the operating results and projected plans for each subsidiary to assess their ability to generate sustainable cash flows to repay the parent company.</p> <p>ii) We have assessed and reviewed each subsidiary's ability to continue as a going concern in light of the impact of the inflationary pressure on the general economy.</p> <p>Based on the procedures performed no impairment loss was recognised by the Company in the profit and loss.</p>

Independent Auditor's Report (cont'd)

To the members of
KNUTSFORD EXPRESS SERVICES LIMITED

Key audit matters (cont'd)

Key Audit matters	How the matter was addressed in our audit
<p>3) <u>Property, Plant and Equipment Impairment Assessment</u></p> <p>The Group has property, plant and equipment with net book value totaling \$523,947,233 which represents 29% of the Group's total assets.</p> <p>Management is required to use its judgement to assess the recoverable amount of assets which is the higher of fair value less costs to sell and value in use. The value in use is assessed by estimating the discounted future cashflows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the motor vehicles.</p>	<p>Our audit procedures to address the key audit matter relating to the impairment of motor vehicle included the following:</p> <p>i) We have reviewed management's assessment of each company's ability within the Group to generate future cash flows from its motor coaches.</p> <p>ii) We have reviewed each company's ability to continue to operate as a going concern resulting from the inflationary impact of on the general economy.</p> <p>Based on the procedures performed no impairment loss was recognised by the Group in the profit and loss.</p>

Independent Auditor's Report (cont'd)

To the members of KNUTSFORD EXPRESS SERVICES LIMITED

Other information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 to the Board of Directors.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (cont'd)

To the members of KNUTSFORD EXPRESS SERVICES LIMITED

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix of this auditor's report. This description, which is located at page 6, forms part of our auditor's report.

Report on additional matters as required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner resulting in this independent auditor's report is Rohan Crichton.



CrichtonMullings & Associates

Chartered Accountants

Kingston, Jamaica
July 28, 2023

Independent Auditor's Report (cont'd)

To the members of KNUTSFORD EXPRESS SERVICES LIMITED

Appendix to the independent auditor's report

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

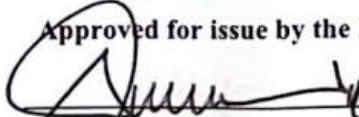
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

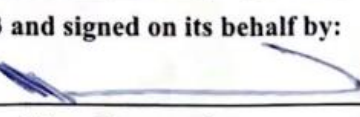
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters 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.

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2023

	<u>Notes</u>	2023 £	2022 £
ASSETS			
Non-current Assets			
Goodwill	5	4,500,000	4,500,000
Property, plant and equipment	6	523,947,233	860,261,700
Right-of-use assets	7	139,973,770	129,442,327
Investment properties	8	499,580,428	161,616,915
Related party - lease deposit	11	3,750,000	3,875,000
Investments	14 (a)	-	19,304,114
		<u>1,171,751,431</u>	<u>1,179,000,056</u>
Current Assets			
Inventories	12	28,943,125	16,554,357
Other assets	13	115,387,035	30,593,180
Investments	14 (b)	349,156,244	73,131,512
Cash and bank balances	15	87,369,805	105,769,624
		<u>580,856,209</u>	<u>226,048,673</u>
Total Assets		<u><u>1,752,607,640</u></u>	<u><u>1,405,048,729</u></u>
EQUITY & LIABILITIES			
Equity			
Share capital	16	51,805,097	51,805,097
Accumulated surplus		1,003,657,542	699,294,664
		<u>1,055,462,639</u>	<u>751,099,761</u>
Non-current Liabilities			
Non-current portion of lease liability	7	134,473,752	122,557,036
Notes payable	18	293,448,744	27,593,319
Bonds payable	19	35,000,000	335,000,000
Shareholders' loans	20	452,840	452,840
Deferred tax liability	21	16,631,902	17,062,863
		<u>480,007,238</u>	<u>502,666,058</u>
Current Liabilities			
Accounts payable and accrued charges	22	148,744,279	111,761,939
Current portion of notes payable	18	18,649,589	18,133,419
Current portion of lease liability	7	8,756,400	8,252,530
Taxation payable	23	40,987,495	13,135,022
		<u>217,137,763</u>	<u>151,282,910</u>
Total Equity and Liabilities		<u><u>1,752,607,640</u></u>	<u><u>1,405,048,729</u></u>

Approved for issue by the Board of Directors on July 28, 2023 and signed on its behalf by:


 Gordon Townsend
 Chairman


 Oliver Townsend
 Director

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2023

	<u>Notes</u>	2023 \$	2022 \$
Continuing operations:			
Revenues	4	1,648,164,886	1,113,565,335
Less:			
Administrative and general expenses	24	<u>(1,327,501,004)</u>	<u>(978,890,643)</u>
		320,663,882	134,674,692
Other income	25	<u>87,197,437</u>	<u>21,467,970</u>
Operating profit	26	407,861,319	156,142,662
Finance income	27	8,876,690	8,110,614
Finance costs	28	<u>(70,226,373)</u>	<u>(36,608,487)</u>
Profit before taxation		346,511,636	127,644,789
Taxation charge	29	<u>42,148,758</u>	<u>16,983,052</u>
Profit from continuing operations		304,362,878	110,661,737
Loss from discontinued operation	30	<u>-</u>	<u>(32,836,487)</u>
Profit for the year		304,362,878	77,825,250
Other comprehensive gain:			
Items that will never be reclassified to profit or loss:			
Currency translation gain on discontinued operation		<u>-</u>	<u>7,486,077</u>
Total comprehensive income for the year		<u>304,362,878</u>	<u>85,311,327</u>
Earnings per share for profit attributable to the shareholders	17	<u>\$0.61</u>	<u>\$0.16</u>
Earnings per share for profit attributable to the shareholders - Continuing operations	17	<u>\$0.61</u>	<u>\$0.22</u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2023

	<u>Share Capital</u> \$	<u>Accumulated Surplus</u> \$	<u>Total</u> \$
Balance at May 31, 2021	51,805,097	613,983,337	665,788,434
Net profit for the year	-	77,825,250	77,825,250
Other comprehensive income for the year:			
Currency translation gain on foreign subsidiary	-	7,486,077	7,486,077
Total comprehensive income for the year	-	85,311,327	85,311,327
Balance at May 31, 2022	51,805,097	699,294,664	751,099,761
Net profit for the year	-	304,362,878	304,362,878
Balance at May 31, 2023	<u>51,805,097</u>	<u>1,003,657,542</u>	<u>1,055,462,639</u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2023

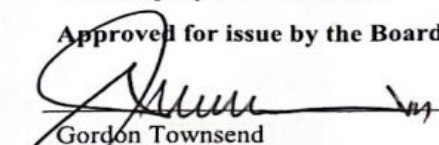
	<u>Notes</u>	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		304,362,878	77,825,250
Adjusted for:			
Depreciation and amortisation		103,361,755	126,144,263
Depreciation on investment property		8,030,316	-
Depreciation on right-of-use assets		11,610,875	11,126,433
Lease deposit amortisation		125,000	125,000
Interest expense on right-of-use assets		1,285,020	1,598,998
Loss / (gain) on disposal of property, plant and equipment		10,356,729	(902,351)
Loan interest expense		28,712,440	13,860,935
Impairment - property, plant and equipment		-	24,639,996
Translation adjustment on impairment of property, plant and equipment		-	6,404,362
Taxation charge		42,148,758	16,983,052
Other translation adjustment		-	1,081,715
		<u>509,993,771</u>	<u>278,887,653</u>
(Increase) / decrease in operating assets:			
Other assets		(84,793,855)	(8,452,861)
Inventories		(12,388,768)	65,202
Increase in operating liabilities:			
Accounts payable and accrued charges		36,982,342	45,630,744
		<u>449,793,490</u>	<u>316,130,738</u>
Income tax paid		(14,727,246)	-
Net cash provided by operating activities		<u>435,066,244</u>	<u>316,130,738</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisition of property, plant and equipment	6	(90,025,102)	(246,598,660)
Improvements to investment properties		(34,172,745)	(51,167,500)
(Placement) / encashment of investment, net		(256,720,618)	9,200,625
Net cash used in investing activities		<u>(380,918,465)</u>	<u>(288,565,535)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Term deposit - restricted		-	2,728,148
Lease liability, net		(11,006,752)	(12,652,245)
Proceeds on the sale of motor vehicle		800,000	6,660,000
Bond (repayment) / proceeds		(300,000,000)	35,000,000
Proceeds from notes payable		300,000,000	22,461,386
Repayment of notes payable		(33,628,406)	(21,008,241)
Loan interest expense paid		(28,712,440)	(13,860,935)
Net cash (used in) / provided by financing activities		<u>(72,547,598)</u>	<u>19,328,113</u>
NET (DECREASE) / INCREASE IN CASH AND BANK			
BALANCES		(18,399,819)	46,893,316
OPENING CASH AND BANK BALANCES		<u>105,769,624</u>	<u>58,876,308</u>
CLOSING CASH AND BANK BALANCES		<u>87,369,805</u>	<u>105,769,624</u>

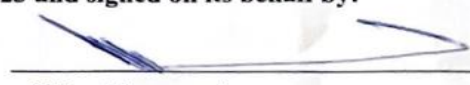
The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2023

	<u>Notes</u>	2023	2022
		\$	\$
ASSETS			
Non-current Assets			
Goodwill	5	4,500,000	4,500,000
Property, plant and equipment	6	487,161,551	813,284,947
Right-of-use asset	7	139,973,770	129,442,327
Investment properties	8	322,019,786	-
Due from subsidiaries	9	261,850,187	256,237,020
Investment in subsidiaries	10	17,100	12,000
Related party - lease deposit	11	3,750,000	3,875,000
Investments	14 (a)	-	19,304,114
		<u>1,219,272,394</u>	<u>1,226,655,408</u>
Current Assets			
Inventories	12	28,943,125	16,554,357
Other assets	13	111,422,438	28,563,113
Investments	14 (b)	349,156,244	73,131,512
Cash and bank balances	15	81,133,840	102,325,163
		<u>570,655,647</u>	<u>220,574,145</u>
Total Assets		<u>1,789,928,041</u>	<u>1,447,229,553</u>
EQUITY & LIABILITIES			
Equity			
Share capital	16	51,805,097	51,805,097
Accumulated surplus		1,037,358,948	737,982,986
		<u>1,089,164,045</u>	<u>789,788,083</u>
Non-current Liabilities			
Non-current portion of lease liability	7	134,473,752	122,557,036
Notes payable	18	293,448,744	27,593,319
Bonds payable	19	35,000,000	335,000,000
Shareholders' loans	20	452,840	452,840
Deferred tax liability	21	22,620,040	22,048,715
		<u>485,995,376</u>	<u>507,651,910</u>
Current Liabilities			
Accounts payable and accrued charges	22	147,318,838	110,434,239
Current portion of notes payable	18	18,649,589	18,133,419
Current portion of lease liability	7	8,756,400	8,252,530
Taxation payable	23	40,043,793	12,969,372
		<u>214,768,620</u>	<u>149,789,560</u>
Total Equity and Liabilities		<u>1,789,928,041</u>	<u>1,447,229,553</u>

Approved for issue by the Board of Directors on July 28, 2023 and signed on its behalf by:


 Gordon Townsend
 Chairman


 Oliver Townsend
 Director

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2023

	<u>Notes</u>	2023 \$	2022 \$
Revenues	4	1,593,815,026	1,101,991,413
Less:			
Administrative and general expenses	24	<u>(1,284,983,470)</u>	<u>(965,746,473)</u>
		308,831,556	136,244,940
Other income	25	<u>86,979,112</u>	<u>20,034,803</u>
Operating profit	26	395,810,668	156,279,743
Finance income	27	8,876,690	8,110,614
Finance costs	28	(63,005,004)	(28,735,081)
Impairment loss - related party		-	(30,331,891)
Impairment loss - investment in subsidiary		<u>-</u>	<u>(1,315,100)</u>
Profit before taxation		341,682,354	104,008,285
Taxation charge	29	<u>42,306,392</u>	<u>16,983,052</u>
Net profit, being total comprehensive income for the year		<u><u>299,375,962</u></u>	<u><u>87,025,233</u></u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2023

	<u>Share Capital</u> \$	<u>Accumulated Surplus</u> \$	<u>Total</u> \$
Balance at May 31, 2021	51,805,097	650,957,753	702,762,850
Net profit, being total comprehensive income for the year	<u>-</u>	<u>87,025,233</u>	<u>87,025,233</u>
Balance at May 31, 2022	51,805,097	737,982,986	789,788,083
Net profit, being total comprehensive income for the year	<u>-</u>	<u>299,375,962</u>	<u>299,375,962</u>
Balance at May 31, 2023	<u>51,805,097</u>	<u>1,037,358,948</u>	<u>1,089,164,045</u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2023

	<u>Notes</u>	2023	2022
		<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		299,375,962	87,025,233
Adjusted for:			
Depreciation and amortisation		93,470,223	118,063,796
Depreciation on investment property		8,030,316	-
Depreciation on right-of-use asset		11,610,875	11,126,433
Lease deposit amortization		125,000	125,000
Interest expense on right-of-use asset		1,285,020	1,598,998
Impairment loss on related party balance		-	31,646,991
Impairment loss on investment in subsidiary		-	1,315,100
Loan interest expense		22,934,794	6,186,810
Taxation charge		42,306,392	16,983,052
Disposal on property, plant and equipment		10,575,054	-
		<u>489,713,636</u>	<u>274,071,413</u>
(Increase) / decrease in operating assets:			
Other assets		(82,859,325)	(6,754,419)
Inventories		(12,388,768)	65,202
Due from subsidiaries		(5,613,167)	(68,010,056)
Increase in operating liabilities:			
Accounts payable and accrued charges		36,884,600	48,489,003
		<u>425,736,976</u>	<u>247,861,143</u>
Income tax paid		(14,660,646)	-
Net cash provided by operating activities		<u>411,076,330</u>	<u>247,861,143</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisition of property, plant and equipment	6	(89,743,125)	(223,198,818)
Investment in subsidiary		(5,100)	-
Improvements to investment properties		(18,228,858)	-
(Placement) / encashment of investment, net		<u>(256,720,618)</u>	<u>9,200,625</u>
Net cash used in investing activities		<u>(364,697,701)</u>	<u>(213,998,193)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Term deposit - restricted		-	2,728,148
Lease liability, net		(11,006,752)	(12,652,245)
Bond (repayment) / proceeds		(300,000,000)	35,000,000
Proceeds from notes payable		300,000,000	22,461,386
Repayment of notes payable		(33,628,406)	(21,008,241)
Loan interest expense paid		(22,934,794)	(6,186,810)
Net cash (used in) / provided by financing activities		<u>(67,569,952)</u>	<u>20,342,238</u>
NET (DECREASE) / INCREASE IN CASH AND BANK			
BALANCES		(21,191,323)	54,205,188
OPENING CASH AND BANK BALANCES		<u>102,325,163</u>	<u>48,119,975</u>
CLOSING CASH AND BANK BALANCES		<u>81,133,840</u>	<u>102,325,163</u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

1. IDENTIFICATION

Knutsford Express Services Limited (the "Company ") is incorporated in Jamaica under the Jamaican Companies Act (the "Act").

The Company is domiciled in Jamaica, with its registered office located at 1222 Providence Drive, Montego Bay, St. James.

On January 14, 2014, the Company became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016.

The Company has three wholly owned subsidiaries, KE Connect Limited, Knutsford Express Investments Limited, and MVL Greenvale Limited (the "Subsidiaries").

They are registered and domiciled in Jamaica with their registered offices at 1222 Providence Drive, Montego Bay, St. James, respectively. KE Connect Limited provides convenient connections to the island's international airports, Knutsford Express Investments Limited undertakes property development and other investments initiatives. MVL Greenvale Limited will also be undertaking investment activities.

The Company and the subsidiaries are collectively referred to as the "Group". The principal activities of the Group are the provision of transportation and courier services and rental income from investment properties.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

The Group's financial statements have been prepared in accordance with and compliance with International Financial Reporting Standards ("IFRS") and the relevant requirements of the Act.

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

(b) Consolidation

(i) Subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date the control commences until the date the control ceases.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Consolidation (cont'd)

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains.

(c) Changes in accounting standards and interpretations:

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

- *IAS 16 'Property, Plant and Equipment - Proceeds before intended use - Amendment' issued May 14, 2020*, Effective for annual periods commencing on or after 1 January 2022. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- *IAS 37 'Onerous Contracts-Cost of Fulfilling a Contract- Amendment', issued May 2020* Effective for periods commencing on or after 1 January 2022. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- *Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9, IFRS 16)', issued May 2020* Effective for periods commencing on or after 1 January 2022
- *References to Conceptual Framework in IFRS 3 - Amendment, issued May 2020* Effective for periods commencing on or after 1 January 2022

The Group has concluded that the adoption of the standards, amendments and interpretations, which are relevant in current periods do not have any material impact on the financial statements.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Changes in accounting standards and interpretations (cont'd):

The Group has identified the following revised or new International Financial Reporting Standards, Amendments and Interpretations which have been issued but are not yet effective, and which have not been adopted early.

Those which may be relevant to the Group's operations are as follows:

- *IAS 1 'Classification of liabilities as current or non-current' - Amendment', issued January 23, 2020*, Effective for annual periods commencing on or after 1 January 2023. The amendments to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- *IAS 1 'Classification of Liabilities as Current or Non-Current - Amendment', issued January 2020*
Effective for annual periods commencing on or after 1 January 2024. The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.
- *IAS 8 'Definition of Accounting Estimates - Amendment', issued February 12, 2021*.
Effective for annual periods commencing on or after 1 January 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*
Effective for annual periods commencing on or after 1 January 2023. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the International Accounting Standards Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*
Issued May 7, 2021. Effective for annual periods commencing on or after 1 January 2023. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- *IFRS 16 'Lease Liability in a Sale and Leaseback - Amendment', issued September 2022*
Effective for periods commencing on or after 1 January 2024. The amendments clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The Group anticipates that the adoption of the standards, amendments and interpretations, which are relevant in future periods is unlikely to have any material impact on the financial statements.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, as well as estimates, based on assumptions, that affect the application of accounting policies, and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts may differ from these estimates.

The estimates, and the assumptions underlying them, 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 material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) Critical accounting judgements in applying the Group's accounting policies

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

(a) Classification of financial assets:

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

(b) Impairment of financial assets:

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

(c) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(d) Impairment of goodwill

The Group reviews the carrying amounts of goodwill to determine whether there is any indication that it has suffered an impairment loss. In making such a determination, the Group estimates the recoverable amount of the goodwill. The recoverable amount is the higher of fair value less costs to sell and value in use. The Group assesses value in use by estimating future discounted cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the specific asset. If the recoverable amount of goodwill is estimated to be less than its carrying amount then an impairment loss is recognised by the Group.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

(ii) Key assumptions and other sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(a) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from loan receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

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

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

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

- Determining criteria for significant increase in credit risk;
- 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 financial assets for the purposes of measuring ECL.

(b) Leases - estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are recorded at historical cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of replacing part of an item is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing of furniture, fixtures and equipment are recognized in the statement of comprehensive income as incurred.

With the exception of freehold land, depreciation is recognised in the statement of comprehensive income on the straight-line basis, over the estimated useful lives of the assets. The rates of depreciation in use are:

Furniture, fixtures and equipment	10%
Computers	20%
Motor vehicles	12.5%
Leasehold building	2.5%
Leasehold improvement	10%

Property, plant and equipment are periodically reviewed for impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written immediately to its recoverable amount.

(b) Other assets

Accounts and other receivables are stated at amortized cost.

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(c) Accounts payable and accrued charges

Accounts payable and accrued charges are stated at amortized cost.

(d) Cash and bank balances

Cash comprises cash in hand and cash at bank.

(e) Inventories

Inventories comprise parts, maintenance items and other accessories which are utilised for the maintenance of the Group's motor vehicles. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Group operates (the functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received from the provision of transportation, property rental and courier services in the normal course of business, net of discounts, rebates and consumption taxes. Revenue is recognized in the statement of comprehensive income once the transportation, property rental and courier services have been provided to the customer and the receipt of the consideration is probable.

Interest income is recognised on a proportionate basis using the effective interest rate (EIR) method.

(h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the short-term lease recognition exemption to its short term leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are considered short-term.

(i) Goodwill

Goodwill which represents contracts rights with vendors and customer listings are deemed to have indefinite life. Goodwill is carried at costs less impairment. The Group assesses goodwill for impairment at least on an annual basis or when events or circumstances indicate that the carrying value may be impaired.

(j) Investment properties

Investment properties represent land held for development and long-term rental yields and capital gain. Investment property is initially recognised at cost, including transaction costs. The carrying amount excludes the costs of day-to-day servicing of the investment properties.

Investment property buildings are amortised at 2.5% annually.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns and incurs expenses; whose operation results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") who decides about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the operations of the Group are segmented into significant revenue streams.

(l) Taxation

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

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the statement of financial position date. A deferred tax asset is recognised only to the extent management can demonstrate that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Related party identification

A party is related to the Group if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the Group;
- has an interest in the Group that gives it significant influence over the Group; or
- has joint control over the Group.

(ii) the party is an associate of the Group.

(iii) the party is a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group.

(v) the party is a close member of the family of an individual referred to in (i) or (iv) above

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any company that is a related party of the Group.

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

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

In these financial statements, financial assets comprise short term investments, cash and bank balances, other receivables, deposits and related party receivables. Financial liabilities comprise accounts payable, bonds and notes payable.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments (cont'd)

Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Amortised cost; or
- Fair value through profit or loss (FVTPL).

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes short term investments and other receivables, due from related parties and cash and bank balances. The Group has no financial assets carried at FVTPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) on the financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment (cont'd)

For receivables, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For other financial assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

The Group's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(o) Dividends

Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are approved by the Group's Board of Directors.

(p) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

4. REVENUES

Revenues represent income earned from the provision of transportation, property rental and courier services excluding discounts, and general consumption tax.

5. GOODWILL

Cost:	Group and Company	
	2023	2022
	\$	\$
Balance at the start and end of the year	<u>4,500,000</u>	<u>4,500,000</u>

Goodwill resulted from the acquisition of SouthCoast Express Limited.

The Group assesses the impairment of goodwill at least on an annual basis or when events or circumstances indicate that the carrying value may be impaired.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

6. PROPERTY, PLANT AND EQUIPMENT

Group:

	<u>Computer</u>	<u>Furniture Fixtures and Equipment</u>	<u>Leasehold Improvement</u>	<u>Motor Vehicles</u>	<u>Leasehold Building</u>	<u>Work-In Progress</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$
At Cost:							
Balance at May 31, 2021	56,762,361	121,932,297	77,313,002	763,581,598	180,853,465	127,870,063	1,328,312,786
Additions	7,495,780	18,742,787	4,547,468	31,861,444	3,489,809	180,461,372	246,598,660
Disposal of assets	-	-	-	(10,151,851)	-	-	(10,151,851)
Asset impairment (i)	(396,035)	(4,259,909)	(459,988)	(35,605,107)	-	-	(40,721,039)
Transfer from WIP	-	-	-	-	308,331,435	(308,331,435)	-
Balance at May 31, 2022	<u>63,862,106</u>	<u>136,415,175</u>	<u>81,400,482</u>	<u>749,686,084</u>	<u>492,674,709</u>	-	<u>1,524,038,556</u>
Balance at June 1, 2022	63,862,106	136,415,175	81,400,482	749,686,084	492,674,709	-	1,524,038,556
Additions	9,948,418	14,135,339	30,739,622	33,258,073	1,943,650	-	90,025,102
Disposal of assets	-	-	-	(166,097,234)	-	-	(166,097,234)
Transferred to investment properties	-	-	-	-	(311,821,244)	-	(311,821,244)
Balance at May 31, 2023	<u>73,810,524</u>	<u>150,550,514</u>	<u>112,140,104</u>	<u>616,846,923</u>	<u>182,797,115</u>	-	<u>1,136,145,180</u>
Accumulated Depreciation:							
Balance at May 31, 2021	29,940,901	69,586,258	28,982,467	428,124,136	1,474,080	-	558,107,842
Charge for the year	9,399,431	12,411,067	7,995,441	91,816,984	4,521,336	-	126,144,259
Disposal of assets	-	-	-	(4,394,202)	-	-	(4,394,202)
Asset impairment (i)	(192,674)	(1,002,256)	(61,813)	(14,824,300)	-	-	(16,081,043)
Balance at May 31, 2022	<u>39,147,658</u>	<u>80,995,069</u>	<u>36,916,095</u>	<u>500,722,618</u>	<u>5,995,416</u>	-	<u>663,776,856</u>
Balance at June 1, 2022	39,147,658	80,995,069	36,916,095	500,722,618	5,995,416	-	663,776,856
Charge for the year	10,084,674	14,421,247	9,488,264	64,828,779	4,538,789	-	103,361,753
Disposal of assets	-	-	-	(154,940,662)	-	-	(154,940,662)
Balance at May 31, 2023	<u>49,232,332</u>	<u>95,416,316</u>	<u>46,404,359</u>	<u>410,610,735</u>	<u>10,534,205</u>	-	<u>612,197,947</u>
Net book value:							
At May 31, 2021	<u>26,821,460</u>	<u>52,346,039</u>	<u>48,330,535</u>	<u>335,457,462</u>	<u>179,379,385</u>	<u>127,870,063</u>	<u>770,204,944</u>
At May 31, 2022	<u>24,714,448</u>	<u>55,420,106</u>	<u>44,484,387</u>	<u>248,963,466</u>	<u>486,679,293</u>	-	<u>860,261,700</u>
At May 31, 2023	<u>24,578,192</u>	<u>55,134,198</u>	<u>65,735,745</u>	<u>206,236,188</u>	<u>172,262,910</u>	-	<u>523,947,233</u>

(i) This impairment relates primarily to the motor coaches and other assets that were owned by a subsidiary, KE Connect US LLC, based in Florida, USA which was discontinued in the prior year.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company:

	Computer	Furniture Fixtures and Equipment	Leasehold Improvement	Motor Vehicles	Leasehold Building	Work-In Progress	Total
	\$	\$	\$	\$	\$	\$	\$
At Cost:							
Balance at May 31, 2021	55,309,183	116,913,264	76,323,965	662,249,719	180,853,465	127,870,063	1,219,519,659
Balance at June 1, 2021	55,309,183	116,913,264	76,323,965	662,249,719	180,853,465	127,870,063	1,219,519,659
Additions	7,495,780	18,742,945	4,547,468	8,461,444	3,489,809	180,461,372	223,198,818
Transferred from WIP	-	-	-	-	308,331,435	(308,331,435)	-
Balance at May 31, 2022	62,804,963	135,656,209	80,871,433	670,711,163	492,674,709	-	1,442,718,477
Balance at June 1, 2023	62,804,963	135,656,209	80,871,433	670,711,163	492,674,709	-	1,442,718,477
Additions	9,784,418	14,017,362	30,739,622	33,258,073	1,943,650	-	89,743,125
Disposal of assets	-	-	-	(163,305,352)	-	-	(163,305,352)
Transferred to investment properties	-	-	-	-	(311,821,244)	-	(311,821,244)
Balance at May 31, 2023	72,589,381	149,673,571	111,611,055	540,663,884	182,797,115	-	1,057,335,006
Accumulated Depreciation:							
Balance at May 31, 2021	29,304,960	68,430,124	28,798,650	383,361,923	1,474,080	-	511,369,737
Balance at June 1, 2021	29,304,960	68,430,124	28,798,650	383,361,923	1,474,080	-	511,369,737
Charge for the year	9,188,003	12,335,155	7,942,535	84,076,764	4,521,336	-	118,063,793
Balance at May 31, 2022	38,492,963	80,765,279	36,741,185	467,438,687	5,995,416	-	629,433,530
Balance at June 1, 2023	38,492,963	80,765,279	36,741,185	467,438,687	5,995,416	-	629,433,530
Charge for the year	9,852,038	14,338,117	9,435,359	55,305,920	4,538,789	-	93,470,223
Disposal of assets	-	-	-	(152,730,298)	-	-	(152,730,298)
Balance at May 31, 2023	48,345,001	95,103,396	46,176,544	370,014,309	10,534,205	-	570,173,455
Net book value:							
At May 31, 2021	26,004,223	48,483,140	47,525,315	278,887,796	179,379,385	127,870,063	708,149,922
At May 31, 2022	24,312,000	54,890,930	44,130,248	203,272,476	486,679,293	-	813,284,947
At May 31, 2023	24,244,380	54,570,175	65,434,511	170,649,575	172,262,910	-	487,161,551

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

7. RIGHT-OF-USE ASSETS

	Group and Company	
	<u>\$</u>	
At Valuation:		
Balance at June 1, 2021		158,820,458
Expired right-of-use assets		<u>(17,925,063)</u>
Balance at May 31, 2022		140,895,395
Balance at June 1, 2022		140,895,395
Additions		22,142,318
Expired right-of-use assets		<u>(1,352,857)</u>
Balance at May 31, 2023		<u>161,684,856</u>
Depreciation charge for right-of use asset:		
Balance at June 1, 2021		18,251,698
Charge for the year		11,126,433
Expired right-of-use assets		<u>(17,925,063)</u>
Balance at May 31, 2022		11,453,068
Balance at June 1, 2022		11,453,068
Charge for the year		11,610,875
Expired right-of-use assets		<u>(1,352,857)</u>
Balance at May 31, 2023		21,711,086
Net Book Value:		
Balance at May 31, 2023		<u>139,973,770</u>
Balance at May 31, 2022		<u>129,442,327</u>
Lease Liability:	2023	2022
	<u>\$</u>	<u>\$</u>
Non-current lease liability	<u>134,473,752</u>	<u>122,557,036</u>
Current lease liability	<u>8,756,400</u>	<u>8,252,530</u>

On June 1, 2020, the applicable operating leases were recognised by the Group as right-of-use assets with corresponding lease liability. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's annual incremental borrowing rate of 7.25% per annum.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

8. INVESTMENT PROPERTIES

This represents the cost of land and building located at Drax Hall Estate, St. Ann and Mandeville, Manchester for Knutsford Express Investments Limited and MVL Greenvale Limited, respectively.

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Transfer from leasehold building	311,821,244	-	311,821,244	-
Capitalized subsequent expenditures	18,228,858	-	18,228,858	-
Cost of land - Drax Hall Estate	110,449,415	110,449,415	-	-
Cost of land - Mandeville	67,111,227	51,167,500	-	-
Closing cost at 31 May	<u>507,610,744</u>	<u>161,616,915</u>	<u>330,050,102</u>	<u>-</u>
Accumulated Depreciation:				
Charge for the year	8,030,316	-	8,030,316	-
Balance at 31 May	8,030,316	-	8,030,316	-
Closing balance at 31 May	<u>499,580,428</u>	<u>161,616,915</u>	<u>322,019,786</u>	<u>-</u>

9. DUE FROM SUBSIDIARIES

	Company	
	2023	2022
	\$	\$
KE Connect Limited	78,119,625	91,384,530
Knutsford Express Investments Limited (i)	116,624,435	164,852,490
MVL Greenvale Limited (ii)	67,106,127	-
	<u>261,850,187</u>	<u>256,237,020</u>

These represent advances to the subsidiaries by the Company. The loans are interest free, unsecured and have no fixed date of repayment.

(i) This relates to advances to the subsidiary for the purchase of land for Drax Hall Business Centre as well as for working capital purposes.

(ii) This relates to advances to the subsidiary for the purchase of land in Mandeville.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

10. INVESTMENT IN SUBSIDIARIES

	<u>Company</u>	
	2023	2022
	\$	\$
KE Connect Limited	6,000	6,000
Knutsford Express Investments Limited	6,000	6,000
MVL Greenvale Limited	5,100	-
	<u>17,100</u>	<u>12,000</u>

These are wholly owned subsidiaries of the Company.

11. RELATED PARTY - LEASE DEPOSIT

	<u>Group and Company</u>	
	2023	2022
	\$	\$
Balance at the start of the year	3,875,000	4,000,000
Current amount amortised during the year	<u>(125,000)</u>	<u>(125,000)</u>
Balance at the end of the year	<u>3,750,000</u>	<u>3,875,000</u>

Lease deposit represents amounts advanced to a related company, Storage Solutions Limited, for the usage of leased property over forty (40) years. The amount is amortised over the life of the lease.

12. INVENTORIES

	<u>Group and Company</u>	
	2023	2022
	\$	\$
	<u>28,943,125</u>	<u>16,554,357</u>

Inventories represent unused parts and accessories as at the year end which are used for the maintenance of the Group's motor vehicles.

KNUTSFORD EXPRESS SERVICES LIMITED
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YEAR ENDED MAY 31, 2023

13. OTHER ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	2022	<u>2023</u>	2022
	\$	\$	\$	\$
Accounts receivable	15,594,514	9,674,051	11,629,917	7,643,984
Deposit on motor vehicles	88,715,887	13,499,974	88,715,887	13,499,974
Deposit on assets	2,140,328	2,140,328	2,140,328	2,140,328
Prepayments	5,520,000	2,760,000	5,520,000	2,760,000
Other receivables	3,416,306	2,518,827	3,416,306	2,518,827
	<u>115,387,035</u>	<u>30,593,180</u>	<u>111,422,438</u>	<u>28,563,113</u>

14. INVESTMENTS

	<u>Group and Company</u>	
	<u>2023</u>	2022
	\$	\$
(a) Long term investment:		
Proven Wealth (i)	-	19,304,114
(b) Short term investments:		
Proven Wealth (i)	19,304,114	-
FGB fixed deposits (ii)	178,395,267	-
JMMB Investment (iii)	76,456,863	73,131,512
Sagicor investment (iv)	75,000,000	-
	<u>349,156,244</u>	<u>73,131,512</u>

- (i) This represents indexed linked notes totaling US\$125,463 (2022: US\$125,463) which will mature on March 23, 2024. The notes earn interest at 4.71% (2022: 4.71%) per annum.
- (ii) These represent JMD term deposits which earns interest rates of 8% (\$52mil), 8.3% (\$76mil) and 7.2% (\$50mil) respectively and matures within the next 6 months.
- (iii) This represents US\$333,524 (2022: US\$320,972) and US\$157,514 (2022:US\$150,000) reverse repurchase agreements which earns interest at 1.75% (2022: 3.50%) and 4.85% (2022:4%) per annum and matures on July 3, 2023 and November 29, 2023, respectively.
- (iv) This represents US\$500,000 (2022: US\$Nil) GOJ Bonds which earns interest at 4.25% (2022: Nil) per annum and matures on August 8, 2023.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

15. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current accounts	46,783,640	69,094,284	42,790,597	67,861,503
Foreign currency accounts	26,223,443	20,971,683	23,993,521	18,773,003
Cash balances	14,362,722	15,703,657	14,349,722	15,690,657
	<u>87,369,805</u>	<u>105,769,624</u>	<u>81,133,840</u>	<u>102,325,163</u>

The weighted average effective interest rate for cash and bank balances is 0.10% (2022: 0.15%). The cash and bank balances are unrestricted.

16. SHARE CAPITAL

	Group and Company	
	2023	2022
	\$	\$
<u>Authorized share capital:</u>		
500,025,000 Ordinary shares at no par value	-	-
<u>Issued and fully paid:</u>		
500,000,015 Ordinary shares at no par value	<u>51,805,097</u>	<u>51,805,097</u>

17. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after taxation and the weighted average number of shares in issue during the year.

	<u>2023</u>	<u>2022</u>
Net profit attributable to shareholders	<u>303,987,878</u>	<u>77,825,250</u>
Weighted average number of shares in issue	<u>500,000,015</u>	<u>500,000,015</u>
Earnings per share for profit attributable to shareholders	<u>\$ 0.61</u>	<u>\$ 0.16</u>
Profit attributable to shareholders - Continuing operations	<u>303,987,878</u>	<u>110,661,737</u>
Earnings per share for profit attributable to shareholders - Continuing operations	<u>\$ 0.61</u>	<u>\$ 0.22</u>

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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18. NOTES PAYABLE

	Group and Company	
	2023	2022
	\$	\$
Balance at the beginning of the year	45,726,738	44,273,593
Principal repayments during the year	(33,628,406)	(21,008,241)
Addition during the year	300,000,000	22,461,386
Balance at the end of the year	312,098,333	45,726,738
Current portion of notes payable	(18,649,589)	(18,133,419)
Non-current portion of notes payable	293,448,744	27,593,319

The loans from the National Commercial Bank Jamaica Limited had interest rates of 8.75% per annum. The loans were secured by liens over four (4) of the Group's Kinglong Coach buses and guarantees from the Group's original shareholders and a related company.

Included above, are two (2) loans totaling \$24.5 million from the National Export-Import Bank of Jamaica at an interest rate of 4.5% and 5% (2022: 4.5% and 5%) per annum, during the year an additional loan of \$300 million at an interest rate of 7.5% per annum payable over eighty-four (84) months commencing March 31, 2023. The existing loans are secured by liens over three (3) of the Group's Kinglong Coach buses and matures on January 31, 2024 and April 30, 2029. The additional loan is secured by pledge on behalf of the Group by a director. Additional securities include a director's resolution, a corporate guarantee, insurance confirmation and an instrument of guarantor's mortgage executed for and on behalf of the Group by Knutsford Express Investments Limited as a guarantor.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

19. BONDS PAYABLE

	<u>Group and Company</u>	
	<u>2023</u>	<u>2022</u>
	\$	\$
JN Fund Managers (i)	35,000,000	185,000,000
Proven Wealth (ii)	-	150,000,000
	<u>35,000,000</u>	<u>335,000,000</u>

- (i) This was a senior unsecured bond for \$50,000,000 which was obtained December 11, 2019 and had additional drawdowns totaling \$100,000,000 on September 30, 2020 and March 05, 2021 which attracted a fixed interest rate at 6.90% (2022: 6.90%) per annum for a four year period payable quarterly. The bond was to mature in November 2023 but was refinanced and repaid in February 2023. The additional drawdown of \$35,000,000 was done on July 28, 2021 which attracts an interest rate of 7.15% per annum and is paid quarterly until maturity in November 2023. This drawn down was subsequently paid in July 2023.
- (ii) This was a senior unsecured fixed to floating bond for \$150,000,000 which was obtained December 5, 2018 and attracted a fixed interest rate at 7.25% per annum for the first five year period payable quarterly. Thereafter, interest for the remaining term was charged at the Government of Jamaica 3-month weighted average treasury bill yield immediately prior to the commencement of the respective quarterly interest period, plus 2.50% per annum until the maturity date on December 8, 2025. The bond was refinanced and repaid within the period in February 2023.

20. SHAREHOLDERS' LOANS

	<u>Group and Company</u>	
	<u>2023</u>	<u>2022</u>
	\$	\$
	<u>452,840</u>	<u>452,840</u>

This represents advances to the Group by the original shareholders. The loan is interest free, unsecured and has no fixed date of repayment.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

21. DEFERRED TAX LIABILITIES

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The analysis of the deferred tax balances (after offset) for reporting purposes:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Deferred tax liabilities	<u>16,631,902</u>	17,062,863	<u>22,620,040</u>	22,048,715
	<u>16,631,902</u>	<u>17,062,863</u>	<u>22,620,040</u>	<u>22,048,715</u>

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Property, plant and equipment	25,337,849	26,831,776	23,114,053	23,122,717
Unrealized exchange gain	(494,013)	(1,093,266)	(494,013)	(1,074,002)
Tax loss	<u>(8,211,934)</u>	<u>(8,675,647)</u>	-	-
	<u>16,631,902</u>	<u>17,062,863</u>	<u>22,620,040</u>	<u>22,048,715</u>

The movement during the year in the Group's deferred tax position was as follows:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Balance at the beginning of the period	17,062,863	13,265,278	18,251,130	25,042,734
Movement during the year	<u>(430,961)</u>	<u>3,797,585</u>	<u>4,368,910</u>	<u>(6,791,604)</u>
Balance at the end of the period	<u>16,631,902</u>	<u>17,062,863</u>	<u>22,620,040</u>	<u>18,251,130</u>

KNUTSFORD EXPRESS SERVICES LIMITED
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22. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accounts payable	67,760,045	72,274,155	67,760,045	72,274,155
Statutory liabilities	5,568,031	5,708,282	5,568,031	5,708,282
Other accruals	75,416,203	33,779,502	73,990,762	32,451,802
	148,744,279	111,761,939	147,318,838	110,434,239

23. TAXATION PAYABLE

Taxation payable is based on profits for the year, adjusted for taxation purposes, subject to the agreement of the Tax Administration Jamaica, and is calculated at 25%.

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current year:				
Net tax payable at the beginning of the year	13,135,022	(57,045)	12,969,372	(216,095)
Tax liability for the current year	42,579,719	13,185,467	41,735,067	13,185,467
	55,714,741	13,128,422	54,704,439	12,969,372
Less:				
Withholding tax utilised during the year	(1,475,386)	-	(1,475,386)	-
Payment of prior year taxation	(13,251,860)	6,600	(13,185,260)	-
Net payable for current year	40,987,495	13,135,022	40,043,793	12,969,372

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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24. EXPENSES BY NATURE

Administration and General Expenses:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries, wages and related expenses	488,110,554	305,791,405	474,785,755	305,791,405
General expenses	5,675,473	2,848,042	5,675,473	2,848,042
Contract labour	-	280,000	-	280,000
Staff uniform	5,599,667	5,113,672	5,599,667	5,113,672
Café expenses	10,349,597	-	10,349,597	-
Staff training and welfare	5,644,941	3,169,863	5,644,941	3,169,863
Electricity	22,663,215	16,619,897	22,663,215	16,619,897
Telephone	33,480,511	27,478,875	33,480,511	27,478,875
Water	10,193,843	7,306,805	10,193,843	7,306,805
Office supplies	13,463,917	6,899,502	12,524,760	6,899,502
Motor vehicle rental	11,558,540	1,892,932	10,715,153	6,010,532
Repairs and maintenance	12,704,021	13,593,797	12,679,021	13,588,797
Equipment rental	81,650	-	81,650	-
Rent	43,897,451	34,136,907	43,101,458	33,472,562
Registration fees	1,680,565	1,135,766	-	-
Travelling	6,251,196	8,649,452	6,251,196	8,649,452
Licence and permits	6,426,792	5,962,333	5,633,417	5,458,513
Advertising and promotion	15,889,538	13,693,002	15,481,433	13,693,002
Fuel	217,641,286	150,720,115	214,257,614	149,749,794
Passenger supplies	12,670,857	11,612,648	12,670,857	11,612,648
Parts and supplies	51,602,279	58,847,625	51,602,279	58,830,656
Motor vehicle repairs and maintenance	10,658,737	5,305,906	10,658,737	5,305,906
Loss on disposal of property, plant and equipment	10,575,054	530,816	10,575,054	-
Fees and charges	5,275,962	4,290,793	5,275,962	4,290,793
Insurance	43,829,688	36,933,122	35,881,238	33,705,606
Toll fees	47,260,710	34,716,754	47,260,710	34,716,754
Accommodation	804,794	449,954	804,794	449,954
Professional fees	11,990,249	9,513,626	11,167,349	8,511,476
Donation and scholarships	2,289,630	490,000	2,289,630	490,000
Directors' fees	2,460,000	2,460,000	2,460,000	2,460,000
Dues and subscriptions	24,854,154	3,487,525	24,854,154	3,487,525
Communication equipment	733,293	1,138,444	733,293	1,138,444
Cleaning and sanitation	13,831,609	12,855,279	13,831,609	12,855,279
Commission	875,897	3,024,270	875,897	3,024,270
Postage and delivery	1,434,724	1,026,327	1,434,724	1,026,327
Printing and stationery	6,334,430	6,186,671	6,334,430	6,186,671
Depreciation and amortisation	103,361,755	126,144,263	93,470,223	118,063,796
Depreciation on investment properties	8,030,316	-	8,030,316	-
Depreciation on right-of-use assets	11,610,875	11,126,433	11,610,875	11,126,433
Lease deposit amortisation	125,000	125,000	125,000	125,000
Audit fees	3,116,000	2,750,000	2,000,000	1,850,000
Accounting fees	1,865,000	1,260,000	1,545,000	1,260,000
Property tax	224,600	224,600	-	-
IT services	7,250,899	13,498,944	7,250,899	13,498,944
Security	33,121,735	25,599,277	33,121,735	25,599,277
	1,327,501,004	978,890,643	1,284,983,470	965,746,473

KNUTSFORD EXPRESS SERVICES LIMITED
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YEAR ENDED MAY 31, 2023

25. OTHER INCOME

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Overseas courier	5,792,425	1,809,453	5,792,425	1,809,453
Rental income - investment properties	56,794,658	18,225,350	56,794,658	18,225,350
Maintenance charges - Cafe	720,477	-	720,477	-
Gain on asset from discontinued operation	5,400,000	-	5,400,000	-
Gain on disposal of property, plant and equipment	218,325	1,433,167	-	-
Cafe sales	18,271,552	-	18,271,552	-
	87,197,437	21,467,970	86,979,112	20,034,803

26. OPERATING PROFIT

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
	407,861,319	156,142,662	395,810,668	156,279,743

Stated after charging the following:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Auditor's remuneration	3,116,000	2,750,000	2,000,000	1,850,000

27. FINANCE INCOME

	Group and Company	
	2023	2022
	\$	\$
Interest income	10,393,875	3,169,302
Unrealised exchange (loss) / gain	(1,517,185)	4,941,312
	8,876,690	8,110,614

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

28. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Loan interest expense	28,712,440	13,860,935	22,934,794	6,186,810
Other interest and penalties expense	553,770	-	553,770	-
Interest expense on right-of-use asset	1,285,020	1,598,998	1,285,020	1,598,998
Bank charges and commissions	39,675,143	21,148,554	38,231,420	20,949,273
	<u>70,226,373</u>	<u>36,608,487</u>	<u>63,005,004</u>	<u>28,735,081</u>

29. TAXATION CHARGE

(a) Taxation is computed at 25% (2022: 25%) of the profit for the year as adjusted for taxation purposes.

The taxation charge is made up as follows:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current:				
Current Taxation	41,577,433	13,185,467	41,735,067	13,185,467
	<u>41,577,433</u>	<u>13,185,467</u>	<u>41,735,067</u>	<u>13,185,467</u>
Deferred:				
Origination and reversal of temporary differences	571,325	3,797,585	571,325	3,797,585
	<u>42,148,758</u>	<u>16,983,052</u>	<u>42,306,392</u>	<u>16,983,052</u>

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

29. TAXATION CHARGE (CONT'D)

	Group			
	2023		2022	
	\$	%	\$	%
(b) Reconciliation of effective tax rate and charge:				
Profit before taxation for the year	346,511,636		127,644,789	
Computed tax charge	86,627,909	25%	31,911,197	25%
Corporate tax credit	(375,000)	0%	-	0%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances	(3,852,934)	-1%	1,259,696	1%
Unrealized exchange gains	1,393,588	0%	413,722	0%
Remission of income taxes	(41,735,067)	-12%	(13,185,467)	-10%
Tax losses	(1,725,692)	0%	(11,958,877)	-9%
Other adjustments	1,815,954	1%	8,542,781	7%
Actual charge	42,148,758	13%	16,983,052	14%
	Company			
	2023		2022	
	\$	%	\$	%
Profit before taxation for the year	341,682,354		104,008,285	
Computed tax charge	85,420,589	25%	26,002,071	25%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances - normal rate	(4,642,680)	-1%	1,742,926	2%
Unrealized exchange gains	1,568,015	0%	456,976	0%
Remission of income taxes	(41,735,067)	-12%	(13,185,467)	-13%
Other adjustments	1,695,535	0%	16,367,119	16%
Tax losses	-	0%	(14,400,573)	-14%
Actual charge	42,306,392	12%	16,983,052	16%

Remission of income tax:

On January 14, 2014, the Company became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company was entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complied with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on December 31, 2013 for subsequent listings, was reinstated in October 2016. As of January 15, 2019, the 50% remission for the remaining five years, has been in effect.

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. Subject to agreement with the Ministry of Finance and Planning, remission will be sought for periods up to 2023 totaling \$87,005,820 (2022: \$45,270,753).

KNUTSFORD EXPRESS SERVICES LIMITED
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30. DISCONTINUED OPERATION

- (a) The Board of Directors of Knutsford Express Services Limited discontinued the operation of its subsidiary KE Connect US LLC as at May 31, 2022 due to the continued impact of COVID-19 which prevented the subsidiary from operating from March 2020. The loss for the prior year from discontinued operation was \$32,836,487.

Financial performance and cash flow information for discontinued operation in the prior year:

	Group	
	2023	2022
	\$	\$
Revenue	-	-
Less:		
Administrative and general expenses	-	(3,358,563)
Operating loss	-	(3,358,563)
Impairment loss - property, plant and equipment	-	(31,044,680)
Finance costs	-	(109,250)
Loss from discontinued operation	-	(34,512,493)
Gain on discontinued subsidiary	-	1,676,006
Loss from discontinued operation	-	(32,836,487)
Exchange differences on translation of discontinued operations	-	4,419,686
Other comprehensive income from discontinued operation	-	4,419,686
Net cash outflow from operating activities	-	(21,406)
Net cash inflow from financing activities	-	12,450
Net decrease in cash generated by the subsidiary	-	(8,956)
(b) Details of the discontinued subsidiary:		
	2023	2022
	\$	\$
Carrying amount of net liabilities	-	(2,743,680)
Reclassification of foreign currency translation reserve	-	4,419,686
Gain on discontinued subsidiary	-	1,676,006
(c) Details of the discontinued subsidiary:		
	2023	2022
	\$	\$
Cash and bank balances	-	291,416
Total assets	-	291,416
Accounts payable and accrued charges	-	3,035,096
Total liabilities	-	3,035,096
Net liabilities	-	(2,743,680)

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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31. RELATED PARTIES

The following related party balances are shown separately in the Group's and Company's statement of financial position:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Lease deposit to related company	3,750,000	3,875,000	3,750,000	3,875,000
Due from subsidiaries	<u>-</u>	<u>-</u>	<u>261,850,187</u>	<u>256,237,020</u>
Amounts due to key management personnel	<u>(452,840)</u>	<u>(452,840)</u>	<u>(452,840)</u>	<u>(452,840)</u>

The Group's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	<u>Group and Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
Transactions with key management personnel:		
- Directors' fees	2,460,000	2,460,000
- Management remuneration	<u>21,484,000</u>	<u>18,744,000</u>

32. STAFF COSTS

The number of employees at the end of the year was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Permanent	<u>260</u>	<u>178</u>	<u>257</u>	<u>221</u>

The aggregate payroll costs for these persons were as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Salaries and profit related pay	<u>499,355,162</u>	<u>314,074,940</u>	<u>486,030,363</u>	<u>314,074,940</u>

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

33. DIVIDENDS

No dividends were declared during the financial year.

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Fair value

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 recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Group. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at the statement of financial position date.

Generally, considerable judgement 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 Group would realise in a current market exchange.

The following methods and assumptions have been used.

The amounts included in the financial statements for cash and cash equivalents, short term deposits, receivables and payables reflect the approximate fair values because of short-term maturity of these instruments.

The carrying amount of the Group's notes payable approximates fair value as the interest rates on these loans are similar to current market rates. The fair value of the shareholders' loans and amounts due from related parties cannot be reasonably estimated as they were granted under special terms. The related party lease prepayment is reflected at amortized cost.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management

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

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
- (iv) Cash flow risk

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group in order 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 Group's activities.

(i) Credit risk

Credit risk is the risk of a financial loss arising from a counter-party to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily, in cash and cash equivalents, short-term deposits, receivables and due from related company.

Exposure to credit risk:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Other assets	115,387,035	30,593,180	111,422,438	28,563,113
Investments	349,156,244	92,435,626	349,156,244	92,435,626
Cash and bank balances	87,369,805	105,769,624	81,133,840	102,325,163
	<u>551,913,084</u>	<u>228,798,430</u>	<u>541,712,522</u>	<u>223,323,902</u>

The maximum credit exposure, the total amount of loss the Group would suffer if every counter-party to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position.

There was no change in the Group's approach to its credit risk management during the current or prior period.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

	Group			
	Carrying amount \$	Contractual cash flow \$	Less than 1 year \$	1 - 3 years \$
May 31, 2023:				
Notes payable	312,098,333	50,907,437	20,794,969	30,112,468
Accounts payable and accrued charges	<u>148,744,279</u>	<u>148,744,279</u>	<u>148,744,279</u>	<u>-</u>
	<u>460,842,612</u>	<u>199,651,716</u>	<u>169,539,248</u>	<u>30,112,468</u>
May 31, 2022:				
Notes payable	45,726,738	50,907,437	20,278,799	30,628,638
Accounts payable and accrued charges	<u>111,761,939</u>	<u>111,761,939</u>	<u>111,761,939</u>	<u>-</u>
	<u>157,488,677</u>	<u>162,669,376</u>	<u>132,040,738</u>	<u>30,628,638</u>
	Company			
	Carrying amount \$	Contractual cash flow \$	Less than 1 year \$	1 - 3 years \$
May 31, 2023:				
Notes payable	312,098,333	50,907,437	20,794,969	30,112,468
Accounts payable and accrued charges	<u>147,318,838</u>	<u>147,318,838</u>	<u>147,318,838</u>	<u>-</u>
	<u>459,417,171</u>	<u>198,226,275</u>	<u>168,113,807</u>	<u>30,112,468</u>
May 31, 2022:				
Notes payable	45,726,738	50,907,437	20,278,799	30,628,638
Accounts payable and accrued charges	<u>110,434,239</u>	<u>110,434,239</u>	<u>110,434,239</u>	<u>-</u>
	<u>156,160,977</u>	<u>161,341,676</u>	<u>130,713,038</u>	<u>30,628,638</u>

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iii) 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.

Such risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The elements of market risk that affect the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currencies giving rise to this risk is the United States dollar.

The exposure to foreign currency risk at the statement of financial position date was as follows:

	Group				Company			
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
	<u>US\$</u>	<u>GBP£</u>	<u>US\$</u>	<u>GBP£</u>	<u>US\$</u>	<u>GBP£</u>	<u>US\$</u>	<u>GBP£</u>
Foreign currency assets:								
Cash and bank								
balances	162,280	3,993	129,178	3,407	149,451	3,993	115,037	3,407
Investments	1,118,200	-	600,767	-	1,118,200	-	600,767	-
	<u>1,280,480</u>	<u>3,993</u>	<u>729,945</u>	<u>3,407</u>	<u>1,267,651</u>	<u>3,993</u>	<u>715,804</u>	<u>3,407</u>

Sensitivity analysis:

A strengthening of 100 (2022: 200) basis points of the Jamaica dollar against the currencies indicated above at May 31 would have decreased the Group and Company's profit or loss by \$1,987,155 (2022: \$2,259,302) and \$1,967,322 (2022: \$2,215,787), respectively. A weakening of 400 (2022: 800) basis points of the Jamaica dollar against the currencies indicated above at May 31 would have increased the Group and Company's profit or loss by \$7,948,619 (2022: \$8,724,104) and \$7,869,286 (2022: \$8,556,108), respectively.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary. As at the year end, the Group was not subject to significant interest rate risk.

Sensitivity to interest rate movements:

The Group does not have variable rate instruments nor fixed rate financial assets and liabilities at fair value through the statement of comprehensive income, and is therefore not subject to interest rate sensitivity.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2023

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Group manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(c) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optional capital structure to reduce the cost of capital. The Group met the capital requirements of at least \$50,000,000 for listing on the Junior Market of the Jamaica Stock Exchange. There was no other externally imposed capital requirement.

There were no changes to the Group's approach to capital management during the year, and this is monitored by the Board of Directors.

35. SEGMENT REPORTING

Segment financial information is presented in respect of operating segments. Assets, liabilities and operating results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment transactions are charged at arm's length prices.

	2023			
	Transportation & Courier	Investment Properties	Eliminated on Consolidation	Group Total
Statement of Financial Position:				
Assets	1,512,844,937	499,580,428	(259,817,725)	1,752,607,640
Shareholders' equity	1,013,062,864	42,416,875	(17,100)	1,055,462,639
Liabilities	499,782,073	457,163,553	(259,800,625)	697,145,001
TOTAL	1,512,844,937	499,580,428	(259,817,725)	1,752,607,640
Statement of Comprehensive Income:				
Revenues	1,656,114,723	-	(7,949,837)	1,648,164,886
Other income	30,402,779	60,994,658	(4,200,000)	87,197,437
Finance income	8,876,690	-	-	8,876,690
Administrative and general expenses	(1,327,353,316)	(12,297,525)	12,149,837	(1,327,501,004)
Finance costs	(62,339,322)	(7,887,051)	-	(70,226,373)
Profit before taxation	305,701,554	40,810,082	-	346,511,636
Taxation charge				42,148,758
Profit for the year				304,362,878

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YEAR ENDED MAY 31, 2023

35. SEGMENT REPORTING (CONT'D)

	2022 *			
	Transportation & Courier	Investment Properties	Eliminated on Consolidation	Group Total
Statement of Financial Position:				
Assets	1,499,680,834	161,616,915	(256,249,020)	1,405,048,729
Shareholders' equity	749,510,068	1,601,693	(12,000)	751,099,761
Liabilities	750,170,766	160,015,222	(256,237,020)	653,948,968
TOTAL	1,499,680,834	161,616,915	(256,249,020)	1,405,048,729
Statement of Comprehensive Income:				
Revenues	1,117,682,935	-	(4,117,600)	1,113,565,335
Other income	3,242,620	18,225,350	-	21,467,970
Finance income	8,110,614	-	-	8,110,614
Administrative and general expenses	(977,453,936)	(5,554,307)	4,117,600	(978,890,643)
Impairment loss - related party	(30,513,067)	-	30,513,067	-
Finance costs	(28,934,362)	(7,674,125)	-	(36,608,487)
Profit before taxation	92,134,804	4,996,918	30,513,067	127,644,789
Taxation charge				16,983,052
Profit from continued operations				110,661,737
Loss from discontinued operation				32,836,487
Profit for the year				77,825,250

*-Restated to conform with current year presentation

KNUTSFORD EXPRESS SERVICES LIMITED

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MAY 31, 2023

Ten Largest Shareholders	No. of Stock Units	% Holding
1. Oliver Townsend	167,664,620	33.53
2. Anthony Copeland	119,633,320	23.93
3. Gordon Townsend	87,232,590	17.45
4. N.C.B. Capital Markets Ltd. A/C 2231	27,233,718	5.45
5. SJIML A/C 3119	17,391,304	3.48
6. SJLIC For Scotiabridge Retirement Scheme	12,986,000	2.60
7. Sagicor Pooled Equity Fund	9,497,229	1.90
8. GraceKennedy Pension Fund Custodian Ltd for GraceKennedy Pension Scheme	7,500,000	1.50
9. JCSD Trustee Services Ltd. A/C #76579-02	7,128,000	1.43
10. GraceKennedy Pension Fund Custodian Ltd. For GraceKennedy Pension Plan (2009)	5,000,000	1.00

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT MAY 31, 2023

Name	Personal	Connected Party
Oliver Townsend	167,664,620	953,960
Anthony Copeland	119,633,320	NIL
Gordon Townsend	87,232,590	NIL
Wayne Wray	600,000	NIL
Peter Pearson	245,000	NIL