FUTURE ENERGY SOURCE COMPANY LIMITED (FESCO)

AUDITED FINANCIAL STATEMENTS

for the Financial Year Ended March 31, 2022

Future Energy Source Company Limited

Financial Statements
31 March 2022

Future Energy Source Company Limited

Index
31 March 2022

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INDEPENDENT AUDITORS' REPORT

To the Members of
Future Energy Source Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Future Energy Source Company Limited as at 31 March 2022, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

What we have audited

Future Energy Source Company Limited financial statements comprise:
- the statement of financial position as at 31 March 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Future Energy Source Company Limited
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Report on the audit of the financial statements

Our audit approach

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

How we tailored our company audit scope

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

Our 2022 audit was planned and executed having regard to the fact that the operations of the company remain largely unchanged from the prior year.

The Company's businesses are organised into two primary segments being Wholesale and Retail operations. These entities maintain their own accounting records and report to the Company through the completion of reporting packages.

In establishing the overall company's audit strategy and plan, we determined the type of work that was needed to be performed on the components by the engagement team.

Report on the audit of the financial statements

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.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
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Report on the audit of the financial statements (continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>IFRS 9 Financial Instruments, is complex and requires the Company to recognise expected credit losses (‘ECL’) on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and estimates, particularly regarding significant increase in credit risk and forward-looking information.

➢ The identification of significant increases in credit risk is a key area of judgement as the criteria determine whether a 12-month or lifetime allowance is recorded.

➢ IFRS 9 requires the company to incorporate forward-looking information reflects a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios, the probability weightings and management overlay.

➢ These estimates involve increased judgment as a result of the economic impacts of COVID-19 on the Company’s financial assets. Management considered the following: -

▪ Qualitative factors that create COVID-19 related changes in the business and economic environment in which specific customers operate.

▪ Increase uncertainty about potential future economic scenarios and their impact on credit losses.

We have determined that the estimates of impairment in respect of trade receivables have a high degree of estimation uncertainty. See note 3(a) of the financial statements.</td><td>We performed the following procedures:

➢ Obtain an understanding of the model used by management for the calculation of expected credit losses on receivables.

➢ Test the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis.

➢ Involved our financial risk modelling specialists to evaluate the appropriateness of the Company’s impairment methodologies, including the criteria used for determining significant increase in credit risk and independently assessed the assumptions and compliance with the new requirement of IRFS 9, Financial Instrument.

➢ Involved our financial risk modelling specialists to evaluate the appropriateness of the economic parameter, including the use of forward-looking information.

➢ Tested the company’s recording and ageing of trade receivables.

➢ Assessed the adequacy of the disclosures of the key assumptions and judgements as well as compliance with IFRS 9

Based on audit procedures performed, no adjustments to the financial statements were deemed necessary.</td></tr>
</table>

<u>INDEPENDENT AUDITORS' REPORT</u> (continued)

To the Members of
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Report on the audit of the financial statements

Other information

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

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

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

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

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

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

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

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

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INDEPENDENT AUDITORS' REPORT (continued)

Report on the audit of the financial statements

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Report on the audit of the financial statements

Auditors' responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Future Energy Source Company Limited

Report on other legal and regulatory requirements

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

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

The engagement partner on the audit resulting in this Independent Auditors' Report is Wayne Strachan.

Baker Tilly
Chartered Accountants
Kingston, Jamaica
27 June 2022

Future Energy Source Company Limited

Statement of Financial Position
As at 31 March 2022

	Note	2022 $	2021 $
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,138,450,233	256,171,873
Right-of-use assets	6	548,321	2,355,654
Finance lease receivables	7	1,668,087	11,158,770
		1,140,666,641	269,686,297
Current Assets			
Inventories	8	49,028,494	18,970,588
Trade and other receivables	9	280,242,449	134,077,117
Due from related parties	10	187,140,359	51,973,274
Taxation recoverable		3,037,656	188,898
Current portion of finance lease receivables	7	5,808,484	3,973,293
Cash and cash equivalents	11	1,128,622,690	72,616,654
		1,653,880,132	281,799,824
TOTAL ASSETS		2,794,546,773	551,486,121
EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	12	228,327,973	4,802,000
Retained earnings		542,262,586	313,622,142
		770,590,559	318,424,142
Non-Current Liabilities			
Long term liabilities	13	1,005,468,111	23,302,763
Lease liabilities	6	-	738,603
Deferred tax liabilities	14	1,267,424	827,892
		1,006,735,535	24,869,258
Current Liabilities			
Trade and other payables	15	750,899,606	145,100,122
Short term loans	16	157,110,333	-
Due to related parties	10	-	15,000,000
Current portion of long term liabilities	13	105,910,505	13,345,277
Current portion of lease liabilities	6	733,029	1,939,912
Taxation payable		2,567,206	32,807,410
		1,017,220,679	208,192,721
TOTAL EQUITIES AND LIABILITIES		2,794,546,773	551,486,121

Approved for issue by the Board of Directors on 27 June 2022 and signed on its behalf by:

Trevor Heaven Director

Jeremy Barnes Director

Future Energy Source Company Limited

Statement of Comprehensive Income
Year ended 31 March 2022

	Note	2022	2021
		$	$
Turnover	17	12,671,115,147	5,856,757,502
Cost of sales		(12,279,898,907)	(5,661,937,112)
Gross profit		391,216,240	194,820,390
Operating and administrative expenses	18	(133,942,251)	(59,373,022)
Impairment losses on financial assets	3(a)	(2,324,990)	(755,574)
Operating profit	19	254,948,999	134,691,794
Finance income, net	20	2,935,693	6,087,509
Profit before taxation		257,884,692	140,779,303
Taxation	22	(4,244,248)	(32,618,904)
Net profit for the year, being total comprehensive income		253,640,444	108,160,399
Earnings per ordinary stock unit attributable to shareholders of the company	24	$0.102	$0.159

Future Energy Source Company Limited

Statement of Change in Equity
Year ended 31 March 2022

	Number of stock units	Share Capital	Retained Earnings	Total
		$	$	$
Balances at 1April 2020	900	900	205,461,743	205,462,643
Issue of shares (Note 12)	2,199,999,100	4,801,100	-	4,801,100
Total comprehensive income	-	-	108,160,399	108,160,399
Balances at 31 March 2021	2,200,000,000	4,802,000	313,622,142	318,424,142
Issue of shares (Note 12)	300,000,000	223,525,973	-	223,525,973
Dividends (Note 25)	-	-	(25,000,000)	(25,000,000)
Total comprehensive income	-	-	253,640,444	253,640,444
Balances at 31 March 2022	2,500,000,000	228,327,973	542,262,586	770,590,559

Future Energy Source Company Limited

Statement of Cash Flows
Year ended 31 March 2022

	2022	2021
	$	$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Cash Flows from Operating Activities		
Profit before taxation	257,884,692	140,779,303
Adjustments for:		
Depreciation	11,349,283	3,431,463
Amortization on right-of-use assets	1,807,333	3,468,604
Impairment losses on financial assets	2,324,990	755,574
Foreign exchange losses/(gains)	2,097,148	(5,051,603)
Lease interest expense	139,596	341,970
Interest income	(12,641,125)	(4,765,355)
Interest expense	7,468,688	3,387,479
	270,430,605	142,347,435
Changes in operating assets and liabilities:		
Increase in inventories	(30,057,906)	(5,373,641)
Increase in receivables	(143,135,947)	(4,860,963)
Increase/(decrease) in payables	580,799,484	(22,081,408)
Due from related parties, net	(150,167,085)	(14,096,643)
Cash provided by operating activities	527,869,151	95,934,780
Income tax paid	(36,893,678)	(28,622,717)
Interest received	12,641,125	4,765,355
Interest paid	(7,608,284)	(3,729,449)
Cash provided by operating activities	496,008,314	68,347,969
Cash Flows from Investing Activity		
Purchase of property, plant and equipment	(893,627,643)	(130,981,655)
Cash used in investing activity	(893,627,643)	(130,981,655)
Balance carried forward	(397,619,329)	(62,633,686)

Future Energy Source Company Limited

Statement of Cash Flows
Year ended 31 March 2022

	2022	2021
	$	$
Balance brought forward	(397,619,329)	(62,633,686)
Cash Flows from Financing Activities		
Issue of shares	223,525,973	4,801,100
Long term loans, net	1,069,376,201	(11,218,370)
Short term loans, net	157,110,333	-
Lease principal payments	(1,945,486)	(2,994,758)
Finance lease receivable, net	7,655,492	949,305
Cash provided by/(used in) financing activities	1,455,722,513	(8,462,723)
Net increase/(decrease) in cash and cash equivalents	1,058,103,184	(71,096,409)
Net effect of foreign currency translation on cash and bank	(2,097,148)	5,051,603
Cash and cash equivalents at the beginning of the year	72,616,654	138,661,460
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,128,622,690	72,616,654
Represented by:		
Cash and cash equivalents	1,128,622,690	72,616,654

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

1. Identification and Principal Activities

Future Energy Source Company Limited is incorporated and domiciled in Jamaica under the provisions of the Companies Act on February 4, 2013. The registered place of business is located at 7-9 Beechwood Avenue, Kingston 5.

The company was listed on the Junior Market of the Jamaica Stock Exchange on April 23, 2021.

The company carries on the business of retail and wholesale trading activities in petroleum and automotive products.

These financial statements are presented in Jamaican dollars, which is the functional currency.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention, as modified by the valuation of certain items. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 4.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the company's operations

The following standards have been adopted by the company for the first time which have been issued and are effective for mandatory adoption for the financial year beginning on or after 1 April 2021:

IFRS 17, 'Insurance Contracts', (effective for annual periods beginning on or after 1 January 2021). In May 2017, the IASB issued IFRS 17 which replaces the current guidance in IFRS 4. Under IFRS 17, insurance liabilities are to be measured at a current fulfilment value. The standard also provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

Amendment to IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 April 2021). As a result of the Covid-19 Pandemic, rent concessions have been granted to lessees. This amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. There was no impact on the company's financial statements from the adoption of this amendment as the company did not receive rent concessions.

The amendments did not result in any material effect on the company's financial statements.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022). In March 2018, the IASB issued the 2018 Conceptual Framework and most references to the Framework included in IFRS were updated to the 2018 Framework at that time. However, paragraph 11 of IFRS 3 Business Combinations, which continued to refer to the 1989 Framework, was not updated as this could have caused conflicts for entities applying IFRS 3. IASB identified three possible amendments to IFRS 3 that would update IFRS 3 without significantly changing its requirements. The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023) 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. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (effective for annual periods beginning on or after 1 January 2022) amends the standard to 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. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37), (effective for annual periods beginning on or after 1 January 2022) specifies 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).

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

Annual Improvements to IFRS Standards 2018–2020 are effective for annual reporting periods beginning on or after 1 January 2022. The amendments include minor changes to the following applicable standards: -

- IFRS 9 'Financial Instruments' - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- IFRS 16 'Leases' - Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

Deferred Tax related to assets and liabilities (Amendments to IAS 12 Income Taxes) (effective for annual periods beginning on or after 1 January 2023) require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the company.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are transalated into Jamaican dollars at the exchange rate prevailing at the date of the statement of financial position, that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates to write off the carrying values of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Furniture, fixtures and equipment	10%
Buildings	2.5%
Signage	10%
Computers	20%
Right-of-use assets	over the period of the lease term

Land is not depreciated as it is deemed to have an infinite life. The asset' residual values and useful lives are revised and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

(d) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and bank overdraft.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(e) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables impairment provisions, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

Under the simplified approach within IFRS 9, the impairment provision is assessed using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(f) Inventories

Inventory are stated at the lower of cost and net realizable value, cost being determined on a first in first out basis. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

(g) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Dividends

Dividends on ordinary shares are recognized in shareholder’s equity in the period in which they become legally payable. Interim dividends are due when declared and approved by the directors while shareholders approve final dividends at the Annual General Meeting. Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(i) Income taxes

Where applicable, taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

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

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(j) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of General Consumption Tax. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the company's activities, which include the provision of petroleum and automotive products.

2. Summary of significant accounting policies (continued)

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Summary of significant accounting policies (continued)

(m) Related party transactions

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;

(ii) the party is an associate of the company;

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

(iv) the party is a member of the key management personnel of the company or its parent;

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

(vi) the party is the company 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); or

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

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(n) Financial Instruments

Classification
The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(n) Financial Instruments (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(o) Impairment

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

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

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(p) Right-of-use assets and related lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

(i) Leases of low value assets; and
(ii) Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company' incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

(i) amounts expected to be payable under any residual value guarantee;
(ii) the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
(iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the company:

(i) since it does not have recent third-party financing, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
(ii) makes adjustments specific to the lease, e.g. term, currency and security.

2. Summary of significant accounting policies (continued)

(p) Right-of-use assets and related lease liabilities (continued)

Right of use assets are initially measured at the amount of the lease liabilities, reduced for any lease incentives received, and increased for:

(i) lease payments made at or before commencement of the lease;
initial direct costs incurred; and
(ii) the amount of any provision recognised where the company is contractually
(iii) required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets valued as US$5,000 or less when new. The company has no short-term leases or leases for low valued assets at this time.)

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the company. These are used to maximise operational flexibility in terms of managing the assets used in the company' operations. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

2. Summary of significant accounting policies (continued)

(p) Right-of-use assets and related lease liabilities (continued)

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Audit Committee

The Board of Directors has also established an Audit Committee to assist in managing the Company's risk profile. This Committee oversees how management monitors compliance with the Company's risk management policies and reviews the adequacy of the risk management framework. This committee is also assisted by Internal Audit that reports to the Audit Committee after it undertakes regular and ad hoc reviews of risk management controls and procedures, especially over receivables.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables from credit sales.

Risk management

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

Management determines concentrations of credit risk by monitoring the credit-worthiness rating of existing customers and through a monthly review of the trade receivables ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The company does not hold any collateral as security.

Impairment of financial assets
The company has one type of financial asset that is subject to the expected credit loss model:

- Trade receivables for sale of petroleum and automotive products.

While due from/(to) related parties and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables
The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2022 and 31 March 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP, inflation and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 31 March 2022 and 31 March 2021 was determined as follows for trade receivables:

31 March 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.00%	2.48%	15.00%	13.95%	4.23%
Gross carrying amount – trade receivables	61,449,217	109,231,991	14,847,015	23,705,507	209,233,730
Loss allowance	614,492	2,713,260	2,227,053	3,306,068	8,860,873

31 March 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	5.6%	0%	0%	5.6%	5.6%
Gross carrying amount – trade receivables	80,350,987	-	-	36,235,276	116,586,263
Loss allowance	4,506,708	-	-	2,029,175	6,535,883

The closing loss allowances for trade receivables as at 31 March 2022 and 31 March 2021 reconcile to the opening loss allowances as follows:

	Trade receivables 2022 $	Trade receivables 2021 $
Opening expected credit loss allowance	6,535,883	5,780,309
Increase in loss allowance recognised in profit or loss during the year	2,324,990	755,574
Closing expected credit loss allowance (Note 9)	8,860,873	6,535,883

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 90 days past due.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 March 2022 there were no lifetime expected credit losses of the full value of the receivables.

Other financial assets at amortised cost
Other financial assets at amortised cost include due from/(to) related parties and key other receivables.

While the other financial assets at amortised cost are subject to the impairment requirements of IFRS 9, the identified impairment loss was considered immaterial.

At the Statement of Financial Position date, except for trade receivables, there were no significant concentration of expected credit losses on related parties balances that were considered material.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(a) Credit risk (continued)

Net impairment losses on financial assets recognised in profit or loss
During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	2022	2021
	$	$
Impairment losses		
- movement in loss allowance for trade receivables	2,324,990	755,574
Net impairment losses on trade receivables	2,324,990	755,574

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process
The company's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;

(ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining a committed line of credit.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities
The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

	1 to 3 months	3 to 12 months	1 to 5 Years	Total	Carrying amount
	$	$	$	$	$
			2022		
Long term liabilities	21,237,468	153,989,551	1,258,735,046	1,433,962,065	1,111,378,616
Lease liabilities	598,944	149,736	-	748,680	733,029
Trade and other payables	750,899,606	-	-	750,899,606	750,899,606
Short term loans	2,651,236	160,645,315	-	163,296,551	157,110,333
	775,387,254	314,784,602	1,258,735,046	2,348,906,902	2,020,121,584
			2021		
Long term liabilities	3,606,831	10,820,493	43,281,972	57,709,296	36,648,040
Lease liabilities	716,714	1,347,623	748,680	2,813,017	2,678,515
Trade and other payables	145,100,122	-	-	145,100,122	145,100,122
Due to related parties	-	-	15,000,000	15,000,000	15,000,000
	149,423,667	12,168,116	59,030,652	220,622,435	199,426,677

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents.

(c) Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in interest rates (3(c)(i)) and foreign currency risk (3(c)(ii)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk exposures are measured using sensitivity analysis. There has been no significant exposure to market risks or the manner in which the company manages and measures the risk.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The following table summarizes the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$	$
			2022			
Assets						
Finance lease receivables	484,040	1,452,120	3,872,324	1,668,087	-	7,476,571
Trade and other receivables	-	-	-	-	280,242,449	280,242,449
Due from related parties	-	-	-	-	187,140,359	187,140,359
Cash and cash equivalents	31,087,846	-	1,050,316,758	-	47,218,086	1,128,622,690
Total financial assets	31,571,886	1,452,120	1,054,189,082	1,668,087	514,600,894	1,603,482,069
Liabilities						
Long term liabilities	1,048,274	2,116,244	102,745,987	1,005,468,111	-	1,111,378,616
Lease liabilities	146,605	439,817	146,607	-	-	733,029
Trade and other payables	-	-	-	-	750,899,606	750,899,606
Short term loans	-	-	157,110,333	-	-	157,110,333
Total financial liabilities	1,194,879	2,556,061	260,002,927	1,005,468,111	750,899,606	2,020,121,584
Total interest re- pricing gap	30,377,007	(1,103,941)	794,186,155	(1,003,800,024)	(236,298,712)	(416,639,515)

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$	$
			2021			
Assets						
Finance lease receivables	331,107	662,216	2,979,970	11,158,770	-	15,132,063
Trade and other receivables	-	-	-	-	134,077,117	134,077,117
Due from related parties	-	-	-	-	51,973,274	51,973,274
Cash and cash equivalents	1,508,177	-	68,468,565	-	2,639,912	72,616,654
Total financial assets	1,839,284	662,216	71,448,535	11,158,770	188,690,303	273,799,108
Liabilities						
Long term liabilities	1,112,106	2,224,212	10,008,959	23,302,763	-	36,648,040
Lease liabilities	161,659	323,319	1,454,934	738,603	-	2,678,515
Due to related parties	-	-	-	-	15,000,000	15,000,000
Trade and other payables	-	-	-	-	145,100,122	145,100,122
Total financial liabilities	1,273,765	2,547,531	11,463,893	24,041,366	160,100,122	199,426,677
Total interest re- pricing gap	565,519	(1,885,315)	59,984,642	(12,882,596)	28,590,181	74,372,431

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to foreign exchange risk arising from currency exposure primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The company undertakes certain transactions denominated in currencies other than the Jamaican dollar resulting in exposures to exchange rate fluctuations.

Financial assets denominated in foreign currency are as such: -

	2022	2021
	$	$
Cash and cash equivalents	759,361,506	69,956,626

	2022	2021
Currency		
USD	$4,968,667	$488,626
Rate of exchange	JMD 152.83	JMD 143.17

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rates of the company before tax with all other variables held constant.

Currency	Change in exchange rate	2022	2021
		$	$
Revaluation	2% (2021 -2%)	(15,187,230)	(1,399,132)
Devaluation	8% (2021 – 6%)	60,748,920	4,197,397

(d) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm’s length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and cash equivalents, receivables, payables, short term loans and due from/(to) related parties reflect their approximates fair values because of the short-term maturity of these instruments. Long term liabilities, finance lease, and lease liabilities approximates amortized costs.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

3. Financial risk management (continued)

(e) Capital management

The policy of the company's Board of Directors is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business and ensure it continues as a going concern.

The company considers its capital to be its total equity inclusive of unappropriated profits and capital reserves. The company's financial objective is to generate a targeted operating surplus, in order to strengthen and provide for the future continuity of the company as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Directors regularly review the financial position of the company at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Consistent with others in the industry, the company monitors capital based on the gearing ratio. This ratio is calculated as total borrowings divided by capital as defined above. Total borrowings is calculated as current and non-current borrowings, as shown in the statement of financial position. Capital is calculated as equity, as shown in the statement of financial position plus total borrowings. The management of the company remains deliberate in the way it funds its growth strategy and given the present economic environment and the general reduction in the cost of capital in the market; management continues to adjust major debts from a bullet repayment structure to that of amortization and lengthening of tenors.

	2022	2021
	$	$
Total borrowings (excluding lease liabilities)	1,268,488,949	36,648,040
Equity and total borrowing	2,039,079,508	355,072,182
Gearing ratio	62.2%	10.32%

4. Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) 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 company 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.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(iv) Valuation of financial instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

(v) Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

5. Property, plant and equipment

	Land	Buildings	Signage	Furniture, fixtures & equipment	Computer equipment & software	Construction work-in-progress	Total
	$	$	$	$	$	$	$
Cost -							
1 April 2020	105,380,262	-	5,187,240	24,633,357	747,815	-	135,948,674
Additions	-	-	2,110,574	4,011,231	182,468	124,677,382	130,981,655
Disposals	-	-	-	(30,000)	-	-	(30,000)
31 March 2021	105,380,262	-	7,297,814	28,614,588	930,283	124,677,382	266,900,329
Additions	-	-	10,520,425	14,309,037	1,205,654	867,592,527	893,627,643
Transfers	-	468,051,050	-	88,940,511	-	(556,991,561)	-
31 March 2022	105,380,262	468,051,050	17,818,239	131,864,136	2,135,937	435,278,348	1,160,527,972
Depreciation -							
1 April 2020	-	-	917,699	5,974,735	434,559	-	7,326,993
Charge for year	-	-	677,807	2,588,851	164,805	-	3,431,463
Relieved on disposals	-	-	-	(30,000)	-	-	(30,000)
31 March 2021	-	-	1,595,506	8,533,586	599,364	-	10,728,456
Charge for year	-	3,315,794	1,166,838	6,629,337	237,314	-	11,349,283
31 March 2022	-	3,315,794	2,762,344	15,162,923	836,678	-	22,077,739
Net Book Value -							
31 March 2022	105,380,262	464,735,256	15,055,895	116,701,213	1,299,259	435,278,348	1,138,450,233
31 March 2021	105,380,262	-	5,702,308	20,081,002	330,919	124,677,382	256,171,873

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

6. Right-of-use assets and related lease obligations

(i) Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases: -

Right-of-use assets

	Property	**Motor vehicles**	**Total**
	$	**$**	**$**
1 April 2020	1,883,203	3,941,055	5,824,258
Amortization	(1,412,402)	(2,056,202)	(3,468,604)
31 March 2021	470,801	1,884,853	2,355,654
Amortization	(470,801)	(1,336,532)	(1,807,333)
31 March 2022	-	548,321	548,321

Lease liabilities

	2022	**2021**
	$	**$**
Balance as at beginning	2,678,515	5,673,273
Less total payment	(2,085,082)	(3,336,728)
Add interest expense	139,596	341,970
Balance as at end of year	733,029	2,678,515

	2022	**2021**
	$	**$**
Current portion	733,029	1,939,912
Non-current portion	-	738,603
31 March 2022	733,029	2,678,515

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

6. Right-of-use assets and related lease obligations (continued)

(ii) Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	2022	2021
	$	$
Amortization charged on right-of-use assets (included in administrative expenses)	1,807,333	3,468,604
Interest expense (included in finance costs)	139,596	341,970

(iii) Amounts recognized in the Statement of Cash Flows

	2022	2021
	$	$
Total cash outflow for leases	2,085,082	3,336,728

7. Finance lease receivables

	2022	2021
	$	**$**
Gross investment in finance leases:		
Current portion	4,583,142	5,047,936
Non-current portion	9,001,075	14,545,807
	13,584,217	19,593,743
Less: unearned finance income	(6,107,646)	(4,461,680)
	7,476,571	15,132,063
Represented by: -		
Current portion	5,808,484	3,973,293
Non-current portion	1,668,087	11,158,770
	7,476,571	15,132,063

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

8. Inventories

	2022	2021
	$	$
Pumps and supplies	14,846,878	14,322,722
Fuel and accessories	21,502,996	-
Goods in transit	12,678,620	4,647,866
	49,028,494	18,970,588

For the years ended 31 March 2022 and 2021, inventories of Nil (2020: Nil) were written off during the year.

9. Trade and other receivables

	2022	2021
	$	$
Trade receivables	209,233,730	116,586,263
Other	79,869,592	24,026,737
	289,103,322	140,613,000
Less: Impairment losses on financial assets (Note 3(a))	(8,860,873)	(6,535,883)
	280,242,449	134,077,117

10. Due from/(to) related parties

	2022	2021
	$	$
Due from related parties:		
Coore's Limited	85,612,029	13,159,076
Mackville Car Rentals Limited	61,641,752	27,045,412
Petromac Servicentre Limited	15,770,002	3,116,145
Alwil Company Limited	8,005,599	8,314,138
T.M.&T Associates Limited	16,110,977	338,503
	(187,140,359	51,973,274
Due to related parties:		
Directors' loans	(-	(15,000,000)
	-	(15,000,000)
	187,140,359	36,973,274

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

10. Due from/(to) related parties (continued)

(a) These companies, T. M. &T. Associates Limited, Coore's Limited, Mackville Car Rentals Limited, Alwil Company Limited and Petromac Servicentre Limited are companies related by common shareholders and directors. These balances are trading balances and are in line with the company's credit terms.

(b) This balance represents amounts advanced to the company by the directors. The balance is unsecured, interest free and has no fixed repayment terms. This balance was repaid during the year.

11. Cash and cash equivalents

	2022	2021
Short term deposits	$	$
Barita Investments Limited	7,873,656	12,970,811
NCB Capital Markets Limited	1,042,443,102	55,478,116
Cornerstone Trust & Merchant Bank Limited	19,638	19,638
	1,050,336,396	68,468,565
Cash at bank	78,245,794	4,148,089
Cash in hand	40,500	-
	1,128,622,690	72,616,654

i. Short term deposits are held at licensed financial institutions and attract interest at 2% - 4% per annum. They all have remaining maturities of less than one year, substantially comprise Reverse Repurchase Agreements on Certificates of Participation, consisting of interest in, or is collaterised by mainly Government of Jamaica and Bank of Jamaica Securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed primarily by reviews of the financial status of the counterparty.

ii. Cash at bank comprise savings and non-interest-bearing current accounts at licensed commercial banks in Jamaica.

The rate of interest earned on the company's savings accounts range from 0.10% to 0.35% for accounts that are denominated in United States Dollars, and 0.35% for those that are denominated in Jamaican Dollars.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

12. Share capital

	2022	2021
	No. of shares	**No. of shares**
Authorised ordinary shares at no par value	Unlimited	Unlimited
	2022	**2021**
Issued and fully paid ordinary shares at no par value	2,500,000,000	2,200,000,000
	$	**$**
At the beginning of year	4,802,000	900
Issue of shares during the year	223,525,973	4,801,100
At end of year	228,327,973	4,802,000

(a) At an Extraordinary General Meeting of the Company held on November 19, 2020, the Shareholders passed special resolutions to, inter alia:

(i) Increase the maximum authorised share capital from 1,000 shares to unlimited shares.

(ii) Increase the issued share capital from 900 ordinary shares to 2,500,000,000 shares ranking pari passu with the existing ordinary shares.

(b) The company issued 2,199,999,100 shares for cash consideration on December 8, 2020.

(c) The Company was listed on the Junior Market of the Jamaica Stock Exchange on April 23, 2021 and the proceeds of the fully subscribed 300,000,000 newly issued ordinary shares amounted to $223,525,973, net of transaction costs.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

13. Long term liabilities

		2022	2021
		$	$
Bond -7.5%	(a)	988,500,000	-
Cornerstone Trust & Merchant Bank Limited	(b)	24,634,574	36,648,0408
Cornerstone Trust & Merchant Bank Limited	(c)	92,889,667	-
Interest payable		5,354,375	-
		1,111,378,616	36,648,040
Less: Current portion		(105,910,505)	(13,345,277)
		1,005,468,111	23,302,763

(a) The fixed rate bond, which is denominated in Jamaican dollars, was issued in February 2022 and will be redeemable in February 2027. The bond attracts interest at 7.5% per annum and is payable quarterly. There is a moratorium on principal repayment for one year following the issue date, after which principal will be repaid in fifteen (15) equal consecutive quarterly instalments of $43.75M on the first day of each quarter with a balloon payment $343.75M being due and payable on the maturity date.

(b) This loan, was received on January 7, 2019 for the purchase of lands located at Beechwood Avenue and Park Avenue, Kingston 5. The loan attracts interest of 7.5% per annum and is repayable over 60 equal monthly instalments of $1,202,277.

(c) This loan, was received on April 28, 2021 for the construction purposes of property located at Beechwood Avenue and Park Avenue, Kingston 5. The loan attracts interest of 6.75% per annum. Interest on loan is paid monthly and principal is due upon maturity date of October 28, 2022.

The loans (b) and (c) are secured by the First and Second Legal Mortgage stamped and registered to cover J$276,000,000.00 over commercial real estate located at 7 to 9 Beechwood Avenue and 8 Park Avenue, Kingston 5, comprised in Certificates of Title registered at Volume 1202 Folio 754, Volume 1511 Folio 543 and Volume 1532 Folio 239 in the Register Book of Titles in the name of Future Energy Source Company Limited.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

14. Deferred income taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a tax rate of 25%. Assets and liabilities recognised on the statement of financial position are as follows:

	2022	2021
	$	$
Deferred income tax liabilities	(1,267,424)	(827,892)
Balance at end of year	(1,267,424)	(827,892)

The movement on the net deferred income tax balance is as follows:

	2022	2021
	$	$
Balance at beginning of year	(827,892)	(677,029)
Deferred income charged to the statement of comprehensive income (Note 22)	(439,532)	(150,863)
Balance at end of year	(1,267,424)	(827,892)

Deferred income tax liabilities are attributable to the following items:

	2022	2021
	$	$
Deferred income liabilities:		
Accelerated tax depreciation	(1,267,424)	(827,892)
Net liabilities at end of year	(1,267,424)	(827,892)

The amounts shown in the statement of financial position include the following:

	2022	2021
	$	$
Deferred tax liabilities to be settled:		
- after more than 12 months	(1,267,424)	(827,892)
- within 12 months	-	-
	(1,267,424)	(827,892)

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

15. Trade and other payables

	2022	2021
	$	$
Trade payables	699,846,622	134,765,904
Accruals	26,052,984	10,334,218
Dividend payable	25,000,000	-
	750,899,606	145,100,122

16. Short term loans

		2022	2021
		$	$
Cornerstone Trust & Merchant Bank Limited	(a)	132,820,610	-
Cornerstone Trust & Merchant Bank Limited	(b)	24,289,723	-
		157,110,333	-

(a) This loan, was received in November 29, 2021 and attracts interest of 6.75% per annum. Interest on loan is paid monthly and principal is due on the maturity date of October 29, 2022.

(b) This loan, was received on March 17, 2022 and attracts interest of 6.75% per annum. Interest on loan is paid monthly and principal is due on the maturity date of October 17, 2022.

Loans (a) and (b) are secured by commercial real estate properties. See Note 13.

17. Turnover

Turnover represents the invoiced value of goods and services, net of discounts and General Consumption Tax.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

18. Expenses by nature

	2022	2021
	$	$
Accounting fee	1,795,000	300,000
Advertising and promotion	12,457,343	6,453,522
Amortization of right-of-use assets	1,807,333	3,468,604
Audit fee	3,500,000	2,400,000
Bank charges	4,573,629	647,247
Depreciation	11,349,283	3,431,463
Directors' fees	4,955,000	1,500,000
Donations	-	213,357
Insurance	3,221,328	-
Legal and professional fees	15,834,596	5,322,800
Motor vehicle	2,094,863	-
Office expenses	6,472,698	3,439,894
Repairs and maintenance	2,779,723	2,851,676
Security	3,614,906	89,050
Staff costs (Note 21)	49,650,104	23,551,789
Utilities	4,408,877	1,487,023
Other expenses	5,427,568	4,216,597
	133,942,251	59,373,022
Impairment losses on financial assets	2,324,990	755,574
Cost of inventories recognised as expense	12,279,898,907	5,661,937,112
Finance income, net (Note 20)	(2,935,693)	(6,087,509)
	12,413,230,455	5,715,978,199

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

19. Operating profit

In arriving at the operating profit, the following have been charged:

	2022	2021
	$	$
Auditors' remuneration	3,500,000	2,400,000
Depreciation	11,349,283	3,431,463
Amortization of right-of-use assets	1,807,333	3,468,604
Directors' emoluments		
Directors' fees	4,955,000	1,500,000
Management renumeration (included in staff costs)	15,000,000	-
Impairment losses on financial assets	2,324,990	755,574
Staff costs (Note 21)	49,650,104	23,551,789

20. Finance income, net

	2022	2021
	$	$
Foreign exchange losses/(gains), net	2,097,148	(5,051,603)
Interest income	(12,641,125)	(4,765,355)
	(10,543,977)	(9,816,958)
Lease interest expense	139,596	341,970
Interest expense	7,468,688	3,387,479
	(2,935,693)	(6,087,509)

21. Staff costs

	2022	2021
	$	$
Salaries and wages	40,919,477	18,843,720
Statutory contributions	4,601,218	1,912,246
Staff welfare	3,992,747	2,795,823
Casual labour	136,662	-
	49,650,104	23,551,789
Number of persons employed at the end of the year:		
Full time	47	7

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

22. Taxation

(a) Taxation is computed on the operating profit for the year adjusted for taxation purposes and comprises:

	2022	2021
	$	$
Income tax at the appropriate rate	3,804,716	32,468,041
Deferred income taxes (Note 14)	439,532	150,863
	4,244,248	32,618,904

(b) The taxation charge in the statement of comprehensive income account differs from the theoretical amount that would arise using the income tax rate of 25%, as follows:

	2022	2021
	$	$
Profit before taxation	257,884,692	140,779,303
Tax calculated at a tax rate of 25%	64,471,173	35,194,825
Adjusted for the effects of:		
Expenses not allowable for tax purposes	3,047,620	260,053
Employment tax credit	(6,700,066)	(2,835,974)
Remission of income tax	(56,574,479)	-
	4,244,248	32,618,904

(c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on April 23, 2021. Consequently, the company is eligible for remission of income taxes for a period of ten years, provided the following conditions are met:

(i) The company's shares remain listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.

(ii) The subscribed participating voting share capital of the company does not exceed $500 million.

The remission will apply in the following proportions:
(a) Years 1 to 5 (April 23, 2021 – April 22, 2026) – 100%
(b) Years 6 to 10 (April 23, 2026 – April 22, 2031) – 50%

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

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

23. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

(a) Enterprises over which a substantial interest in the voting power is owned by key management personnel', including directors and officers and close members of families; or

(b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the company.

	2022	2021
	$	$
At the statement of financial position date: -		
Due from related parties:		
Coore's Limited	85,612,029	13,159,076
Mackville Car Rentals Limited	61,641,752	27,045,412
Alwil Company Limited	15,770,002	3,116,145
Petromac Servicentre Limited	8,005,599	8,314,138
T.M.&T. Associates Limited	16,110,977	338,503
	187,140,359	51,973,274
		-
Directors' loans	-	(15,000,000)
	-	(15,000,000)
	187,140,359	36,973,274
Charged to statement of comprehensive income: -		
Directors' fees	4,955,000	1,500,000
Management renumeration	15,000,000	-
Sales to related parties	(6,561,990,271)	(3,456,726,952)

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

24. Earnings per stock unit

	2022	2021
	$	$
Net profit attributable to shareholders of the company	253,640,444	108,160,399
Weighted average number of shares	2,493,424,658	681,096,512
Basic earnings per share ($ per share)	$0.102	$0.159

Earnings per stock unit ("EPS") is computed by dividing the net profit attributable to stockholders of 2022: $253,640,444; (2021: $108,160,399) by the weighted average number of ordinary stock units in issue during the year, numbering 2,493,424,658 (2021: 681,096,512).

The increase in number of shares represents shares issued through an Initial Public Offering of 300,000,000 stock units on April 23, 2021. (See Note 12).

25. Post balance sheet event

Proposed dividends

	2022	2021
	$	$
Declared at $0.01 (2021: NIL) cent per share	25,000,000	-
Total dividends to shareholders	25,000,000	-

At a meeting held on March 30, 2022, the Board of Directors approved a dividend of $0.01 per stock unit payable on June 24, 2022 to shareholders on record as at April 22, 2022.

Future Energy Source Company Limited

Notes to the Financial Statements
31 March 2022

26. Coronavirus (Covid-19)

The Novel Coronavirus (Covid-19) outbreak was declared a global pandemic in March 2020 by the World Health Organization. The pandemic and the measures introduced to control its human impact resulted in the disruptions of international and local economic activity, commerce, business operations and asset prices.

The Government implemented several measures aimed at reducing the spread of the virus, including nightly curfews, home quarantine for citizens of a specific age and restrictions on the number of persons in public gathering at any one time. These restrictions have had adverse economic effects on the financial operations of many stakeholders.

The Covid-19 pandemic continued to affect the company's operations during the period 2021-2022 financial year. Although the company has been experiencing the pandemic, management continue to learn how to navigate its effects as new variants and modified scientific information created the need for us to constantly adjust our operations.

Providing a safe workplace for our employees and stakeholders continued to be paramount during the year. Our sanitization and other operating costs increased given the need for more frequent cleaning and sanitation. Management allocated the necessary portions of our office expense budget to maintain frequent sanitization, temperature checks and personal protective equipment where applicable. The business also ensured that office staff members had the ability to work from home where appropriate, by granting remote access to the information system.

The advances in the development of vaccines and the promotional drive being undertaken by countries continue to be a positive step towards ensuring that the population is responding to the vaccines and vaccination programs. Though restrictions are being carefully and slowly lifted, it may take some time before business returns to normalcy. Management's conclusion that the operation of the business is a going concern remains appropriate.

Management is proud to report that despite the onset of COVID 19 pandemic and all the attendant restrictions on travel, social engagements and general business activity which presented a very challenging year for Jamaica and our industry in particular, the Company has exceeded its performance for the year ended 31 March 2022. Additionally, to date, the Government of Jamaica has followed through on its proclamation that it will no longer pursue total lockdowns and no movement days as pandemic containment tools.

Management has also seen the reopening up of the entertainment, leisure and education sectors and is optimistic that the expected resultant increase in travel and commerce could potentially result in favourable prospects for the business operation.

FUTURE ENERGY SOURCE COMPANY LIMITED
(FESCO)

Top 10 Shareholders as at March 31, 2022

	Shareholder	Number of Shares	% of Issued Shares
1	Tweedside Holdings	364,734,616	14.5894%
2	Errol McGaw	345,077,839	13.8031%
3	Trevor Barnes	344,107,227	13.7643%
4	Trevor Heaven Holdings Ltd.	308,986,553	12.3595%
5	Junior Williams	134,738,750	5.3896%
6	Neville Allen	134,330,478	5.3732%
7	Anna Williams -Bacchus	125,000,000	5.0000%
8	FESCO Founders' Pool Ltd.	98,000,000	3.9200%
9	Jeremy Barnes	95,000,000	3.8000%
10	Roy Davidson	69,314,400	2.7726%
		2,019,289,863	80.7716%

Issued Shares	2,500,000,000

FUTURE ENERGY SOURCE COMPANY LIMITED
(FESCO)

Shareholdings of Directors and Senior Managers as at March 31, 2022

Shareholdings of Directors, Officers & Connected Parties

DIRECTORS	Personal Shareholdings	Connected Parties' Shareholdings	Total	% of Issued Shares
Trevor Barnes	344,107,227	99,863,576	443,970,803	17.7588%
Jeremy Barnes	95,000,000	284,475	95,284,475	3.8114%
Harry Campbell	1,051,948	-	1,051,948	0.0421%
Hugh Coore	4,612,935	463,301,175	467,914,110	18.7166%
Gloria DeClou	-	-	-	0.0000%
Lyden Heaven	3,670,397	407,783,901	411,454,298	16.4582%
Vernon James	31,500,000	-	31,500,000	1.2600%
Errol McGaw	345,077,839	98,000,000	443,077,839	17.7231%
Eaton Parkins	39,569,544	97,966	39,667,510	1.5867%
Belinda Williams	250,000	-	250,000	0.0100%
Junior Williams	134,738,750	98,000,000	232,738,750	9.3096%
SENIOR MANAGERS				% of Issued Shares
Karen Jones	375,602	3,054,967	3,430,569	0.1372%
Omar Morgan	-	-	-	-
COMPANY SECRETARY				% of Issued Shares
Kayola Muirhead	-	808,069	808,069	0.0323%

Issued Shares	2,500,000,000	
Combined Directors' Holdings	999,578,640	39.983%
Combined Connected Party Holdings	775,331,093	31.013%
Combined Holdings	1,774,909,733	70.996%