

LEASK COMMUNITY HARDWARE LTD.

Financial Statements

Year Ended January 31, 2019

(Unaudited - See Notice To Reader)

Cogent

CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

LEASK COMMUNITY HARDWARE LTD.

Index to Financial Statements

Year Ended January 31, 2019

(Unaudited - See Notice To Reader)

	Page
NOTICE TO READER	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Loss	3
Statement of Deficit	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 7

Cogent

CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

Cogent

CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Leask Community Hardware Ltd. as at January 31, 2019 and the statements of loss, deficit and cash flows for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Rosthern, SK
October 1, 2019

Cogent Chartered Professional Accountants LLP

LEASK COMMUNITY HARDWARE LTD.

Balance Sheet

January 31, 2019

(Unaudited - See Notice To Reader)

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 57,750	\$ 54,871
Accounts receivable	20,905	9,946
Inventory	294,519	244,172
Goods and services tax recoverable	-	20,972
Security / tender deposits	325	325
	<u>373,499</u>	<u>330,286</u>
PROPERTY, PLANT AND EQUIPMENT <i>(Note 2)</i>	<u>94,129</u>	<u>99,450</u>
	<u>\$ 467,628</u>	<u>\$ 429,736</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
CURRENT		
Accounts payable	\$ 71,838	\$ 22,258
Goods and services tax payable	347	-
Provincial sales tax payable	1,573	1,379
Employee deductions payable	1,722	-
Current portion of long term debt <i>(Note 3)</i>	-	25,000
	<u>75,480</u>	<u>48,637</u>
DUE TO SHAREHOLDERS <i>(Note 4)</i>	<u>605,500</u>	<u>470,500</u>
	<u>680,980</u>	<u>519,137</u>
SHAREHOLDERS' DEFICIENCY		
Share capital <i>(Note 5)</i>	100	100
Deficit	<u>(213,452)</u>	<u>(89,501)</u>
	<u>(213,352)</u>	<u>(89,401)</u>
	<u>\$ 467,628</u>	<u>\$ 429,736</u>

Cogent

CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

See notes to financial statements

LEASK COMMUNITY HARDWARE LTD.

Statement of Loss

Year Ended January 31, 2019

(Unaudited - See Notice To Reader)

	2019	2018
TRADE SALES	\$ 337,874	\$ 276,433
COST OF SALES		
Purchases	293,176	148,314
Fuel and oil	18,652	-
Recycling fees	1,934	423
Other direct cost #2	-	92
	<u>313,762</u>	<u>148,829</u>
GROSS PROFIT (7.14%; 2018 - 46.16%)	<u>24,112</u>	<u>127,604</u>
EXPENSES		
Salaries and wages	101,436	116,365
Advertising and promotion	17,451	5,041
Office	13,223	10,925
Utilities	6,978	5,443
Professional fees	6,154	-
Amortization	5,320	5,894
Management fees	3,365	-
Property taxes	2,983	3,050
Telephone	1,998	1,734
Other expenses	1,476	1,841
Credit card charges	1,209	3
Meals and entertainment	1,189	76
Operating expense #3	561	112
Interest and bank charges	533	3,478
Legal fees	397	396
Repairs and maintenance	291	19
Supplies	203	-
Donations	-	30
Cash shot (over)	(1,035)	(6)
	<u>163,732</u>	<u>154,401</u>
LOSS FROM OPERATIONS	<u>(139,620)</u>	<u>(26,797)</u>
OTHER INCOME		
Rebates	14,669	10,324
Interest income	1,000	519
	<u>15,669</u>	<u>10,843</u>
NET LOSS	<u>\$ (123,951)</u>	<u>\$ (15,954)</u>

Cogent

CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

See notes to financial statements

LEASK COMMUNITY HARDWARE LTD.

Statement of Deficit

Year Ended January 31, 2019

(Unaudited - See Notice To Reader)

	2019	2018
DEFICIT - BEGINNING OF YEAR	\$ (89,501)	\$ (73,547)
NET LOSS FOR THE YEAR	(123,951)	(15,954)
DEFICIT - END OF YEAR	<u>\$ (213,452)</u>	<u>\$ (89,501)</u>

See notes to financial statements

LEASK COMMUNITY HARDWARE LTD.

Statement of Cash Flows

Year Ended January 31, 2019

(Unaudited - See Notice To Reader)

	2019	2018
OPERATING ACTIVITIES		
Net loss	\$ (123,951)	\$ (15,954)
Item not affecting cash:		
Amortization of property, plant and equipment	5,320	5,894
	<u>(118,631)</u>	<u>(10,060)</u>
Changes in non-cash working capital:		
Accounts receivable	(10,959)	(5,929)
Inventory	(50,347)	(47,474)
Accounts payable	49,581	(27,200)
Goods and services tax payable	21,319	(3,678)
PST payable (receivable)	194	207
Employee deductions payable	1,722	-
	<u>11,510</u>	<u>(84,074)</u>
Cash flow used by operating activities	<u>(107,121)</u>	<u>(94,134)</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	-	(404)
FINANCING ACTIVITIES		
Advances from shareholders	135,000	115,000
Repayment of long term debt	<u>(25,000)</u>	<u>(25,000)</u>
Cash flow from financing activities	<u>110,000</u>	<u>90,000</u>
INCREASE (DECREASE) IN CASH FLOW	2,879	(4,538)
Cash - beginning of year	<u>54,871</u>	<u>59,409</u>
CASH - END OF YEAR	\$ 57,750	\$ 54,871

Cogent

CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

See notes to financial statements

LEASK COMMUNITY HARDWARE LTD.

Notes to Financial Statements

Year Ended January 31, 2019

(Unaudited - See Notice to Reader)

1. DESCRIPTION OF BUSINESS

Leask Community Hardware Ltd. (the "company") is incorporated provincially under The Business Corporations Act of Saskatchewan. The company's principal business activity is operating a hardware store in the Village of Leask.

2. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 1,000	\$ -	\$ 1,000	\$ 1,000
Buildings	99,404	13,187	86,217	89,810
Equipment	12,000	5,088	6,912	8,640
	<u>\$ 112,404</u>	<u>\$ 18,275</u>	<u>\$ 94,129</u>	<u>\$ 99,450</u>

3. LONG TERM DEBT

McHanson Hardware loan bearing interest at 0% per annum, repayable in annual payments of \$25,000. The loan matured on January 31, 2019.

Amounts payable within one year

	2019	2018
	\$ -	\$ 25,000
	-	(25,000)
	<u>\$ -</u>	<u>\$ -</u>

Principal repayment terms are approximately:

4. DUE TO SHAREHOLDERS

Long term portion due to shareholder
Due to Village of Leask

	2019	2018
	\$ 605,500	\$ 470,500

The amounts due to shareholders are non-interest bearing, have no set repayment terms and are secured by promissory notes. The shareholders have postponed repayment in favour of the bank. Accordingly, the advances from shareholders have been classified as a long term liability.

Cogent

CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

