Devonshire Industries Limited

Annual Report and
Consolidated Financial Statements
March 31, 2024

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Devonshire Industries Limited

March 31, 2024

Summary of financial information

	Year ended March 31						
	2024 $	2023 $	2022 $	2021 $	2020 $	2019 $	2018 $
Assets	2,394,849	2,685,299	2,612,074	2,663,469	2,619,025	2,643,161	2,473,489
Liabilities	129,431	296,232	168,856	140,274	112,385	171,732	125,252
Shareholders' equity	2,265,418	2,389,067	2,443,218	2,523,195	2,506,640	2,471,429	2,348,237
Net income	317,726	166,537	140,711	237,243	145,555	123,192	121,722

Directors' share interests and service contracts

Pursuant to Regulation 6.8(3) of Section 11B of the Bermuda Stock Exchange Listing Regulations, the total interests of all the directors and officers of the Company in the shares of the Company at March 31, 2024 were 24,987 (2023 - 24,987) shares. No rights to subscribe for shares in the Company have been granted to or exercised by any director or officer. There are no service contracts with directors.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Devonshire Industries Limited

Opinion

We have audited the consolidated financial statements of Devonshire Industries Limited and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Other information

Management is responsible for the other information included in the consolidated financial statements. The other information comprises the summary of financial information but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
October 16, 2024

Devonshire Industries Limited
Consolidated Statement of Financial Position

As at March 31, 2024

	2024 $	2023 $
Assets		
Cash (notes 6 and 8)	639,049	640,495
Trade and other receivables (notes 6, 9 and 14)	127,927	201,096
Inventories (note 10)	1,162,102	1,341,643
Prepaid expenses	105,553	124,470
Current assets	2,034,631	2,307,704
Property, plant and equipment (note 11)	358,717	373,413
Intangible assets (note 12)	-	2,681
Other non-current assets	1,501	1,501
Non-current assets	360,218	377,595
Total assets	2,394,849	2,685,299
Liabilities		
Trade and other payables (notes 6 and 13)	129,431	296,232
Current liabilities	129,431	296,232
Equity		
Share capital (note 15)	220,688	220,688
Share premium	145,544	145,544
Retained earnings	1,899,186	2,022,835
Total equity attributable to equity shareholders of the Company	2,265,418	2,389,067
Total liabilities and equity	2,394,849	2,685,299

Approved by the Board of Directors

_______________ Director   _______________ Director

The accompanying notes on pages 8 to 25 are an integral part of these consolidated financial statements.

Devonshire Industries Limited
Consolidated Statement of Comprehensive Income
For the year ended March 31, 2024

	2024 $	2023 $
Revenues (note 4 (k))	2,828,455	2,781,929
Cost of sales (notes 10, 17 and 20)	1,592,481	1,674,685
Gross profit	1,235,974	1,107,244
Administrative expenses (note 19)	574,616	592,559
Selling expenses (note 18)	279,807	279,249
Other expenses (note 21)	69,562	68,669
Marketing expenses	12,762	12,724
Impairment (recoveries) loss on trade receivables (note 9)	(10,299)	4,896
Operating expenses	926,448	958,097
Net income before undernoted items	309,526	149,147
Other income	12,960	23,643
Net foreign exchange losses	(4,760)	(6,253)
Net income for the year	317,726	166,537
Total comprehensive income	317,726	166,537
Basic and diluted earnings per share (note 16)	0.72	0.38

All amounts included in the consolidated statement of comprehensive income relate to continuing operations.

The accompanying notes on pages 8 to 25 are an integral part of these consolidated financial statements.

Devonshire Industries Limited
Consolidated Statement of Changes in Equity
For the year ended March 31, 2024

	Attributable to the owners of the Company			
	Share capital $	**Share premium $**	**Retained earnings $**	**Total $**
Balance, April 1, 2022	220,688	145,544	2,076,986	2,443,218
Total comprehensive income for the year	–	–	166,537	166,537
Dividends (note 15)	–	–	(220,688)	(220,688)
Balance, March 31, 2023	220,688	145,544	2,022,835	2,389,067
Total comprehensive income for the year	–	–	317,726	317,726
Dividends (note 15)	–	–	(441,375)	(441,375)
Balance, March 31, 2024	220,688	145,544	1,899,186	2,265,418

The accompanying notes on pages 8 to 25 are an integral part of these consolidated financial statements.

Devonshire Industries Limited
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024 $	2023 $
Cash flows from operating activities		
Net income for the year	317,726	166,537
Adjustments for:		
Depreciation and amortization (notes 11 and 12)	29,450	47,160
Gain on sale of property, plant and equipment (note 11)	-	(8,000)
Changes in items of working capital:		
Trade and other receivables	73,169	(14,865)
Inventories	179,541	(160,658)
Prepaid expenses	18,917	41,908
Trade and other payables	(171,600)	112,850
Net cash from operating activities	447,203	184,932
Cash flows from investing activities		
Purchase of property, plant and equipment (note 11)	(12,073)	(10,161)
Proceed from sale of property, plant and equipment (note 11)	-	8,000
Cash used in investing activities	(12,073)	(2,161)
Cash flows from financing activity		
Dividends paid	(436,576)	(206,162)
Cash used in financing activity	(436,576)	(206,162)
Decrease in cash	(1,446)	(23,391)
Cash - beginning of year	640,495	663,886
Cash - end of year	639,049	640,495

The accompanying notes on pages 8 to 25 are an integral part of these consolidated financial statements.

1. General information

Devonshire Industries Limited (the "Company") and its wholly-owned subsidiary, Bermuda Paint Company Limited, are incorporated in Bermuda under the laws of Bermuda. The Company is primarily engaged in the management of Bermuda Paint Company Limited, which is primarily engaged in the manufacture and sale of paint and related products.

The Company is listed on the Bermuda Stock Exchange and there is no ultimate controlling party. The address of its registered office is No. 9 Watlington Road, Devonshire DV06, Bermuda and its postal address is P.O. Box DV30, Devonshire DVBX, Bermuda.

2. Statement of compliance and basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on the historical cost basis.

These consolidated financial statements were approved by the Board of Directors for issue on October 16, 2024.

3. New and amended standards adopted by the Group

A number of new or amended standards are effective for annual periods beginning after March 31, 2023 and early adoption is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

I. International Tax Reform-Pillar Two Model Rules (Amendment to IAS 12)
II. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
III. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
IV. Non-current liabilities with covenants (Amendments to IAS 1)
V. Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)
VI. Lack of Exchangeability (Amendments to IAS 21)
VII. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
VIII. IFRS 18 Presentation and Disclosure in Financial Statements

4. Summary of material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements are as follows.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements include the financial statements of Devonshire Industries Limited and its wholly-owned subsidiary, Bermuda Paint Company Limited (together referred to as the "Group").

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

4. Summary of material accounting policies (continued)

(b) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reported to the Group's chief operating decision makers, which comprise the General Manager and members of the Board of Directors, to make decisions about resources to be allocated to the segment and assess its performance. The Group has determined that it has only one operating segment. All trading is made, and all assets are, held in Bermuda. No concentration of revenue generation (i.e. greater than 10%) to a single customer exists.

(c) Foreign currency

These consolidated financial statements of the Group are presented in Bermuda dollars, the functional currency of the Group. All values are rounded to the nearest dollar.

Transactions in foreign currencies are initially recorded by the Group in Bermuda dollars using the foreign exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated using the closing foreign exchange rates prevailing at the reporting date. All differences are charged to profit or loss in the consolidated statement of comprehensive income.

(d) Cash

Cash represents cash on hand and in banks with original maturities of 3 months or less from inception used by the Group in the management of its short term commitments.

(e) Financial instruments

The Group's financial assets comprise of trade and other receivables and cash. The Group's financial liabilities include trade and other payables.

(i) Recognition and initial measurement

Trade receivables and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Management determines the classification of its financial instruments at the time of initial recognition. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group's designation of such instruments.

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and if its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The information considered includes the stated policies and objectives for the portfolio, how the performance of the portfolio is evaluated and reported to the Group's management and the risks that affect the performance of the business model and how those risks are managed. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument including assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

4. Summary of material accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

The following summarises the classification the Group applies to each significant categories of financial instruments:

Category	**Classification**
Cash	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost

Financial assets and financial liabilities are subsequently accounted for based on their classification as described below.

Financial assets measured at amortized cost
The Group's financial assets classified as amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by any impairment losses.

Other financial liabilities
The Group classifies its other financial liabilities as amortized cost and these are subsequently measured at amortized cost using the effective interest method.

(iii) Derecognition
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Impairment of financial assets
The Group recognizes a loss allowance for expected credit losses (ECLs) for all financial assets measured at amortized cost. The Group measures the loss allowance at an amount equal to 12-month ECLs for bank balances for which credit risk has not increased significantly since initial recognition. Loss allowances for trade and other receivables are measured at an amount equal to lifetime ECLs. Cash are placed with counterparties who have minimal risk of credit default and are rated by Standard & Poor's with credit ratings of between A2 and BBB+ (2023 - A2 and BBB+). No impairment for ECL's related to cash was recognized for the year ended March 31, 2024 and 2023.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

4. Summary of material accounting policies (continued)

(e) Financial instruments (continued)

(iv) Impairment of financial assets (continued)
The Group considers a trade and other receivables balance to be in default when contractual payments are 120 days past due. However, in certain cases, the Group may consider individual receivables to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before 120 days. The asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment losses are recognized in the consolidated statement of comprehensive income and reflected in an allowance account against trade and other receivables. If in subsequent periods, an event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through the consolidated statement of comprehensive income.

(f) Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that its property, plant and equipment and intangible assets may be impaired. When an indicator of impairment exists or when annual impairment testing for an asset is required, the Group makes a formal estimate of the recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which the asset belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

Impairment losses from continuing operations are recognized under other gains and losses in the consolidated statement of comprehensive income. The Group evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

(g) Inventories
Inventories are measured at the lower of cost and net realisable value ("NRV").

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost is determined based on the first-in first-out method for finished goods, trading goods and raw materials. Finished goods include direct materials and labour and a proportion of manufacturing overhead costs based on average goods processed and produced, but excluding borrowing costs.

When inventories are sold, the carrying amounts of those inventories are recognized under cost of sales in the consolidated statement of comprehensive income in the period when the related revenue is recognized.

The amount of any write-down of inventories to NRV is recognized in cost of sales in the consolidated statement of comprehensive income in the period the write-down or loss was incurred. The amount of any reversal of any write-down of inventories, arising from an increase in the NRV, is recognized as a reduction to cost of sales in the period where the reversal occurred.

4. Summary of material accounting policies (continued)

(h) Property, plant and equipment

Property, plant and equipment, except land which is stated at cost less any impairment in value, are measured at cost less accumulated depreciation and impairment losses, if any.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction.

Subsequent replacement costs of parts of property, plant and equipment are capitalized when the recognition criteria are met. Significant refurbishments and improvements are capitalized when it can be clearly demonstrated that the expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond the originally assessed standard of performance. Costs of repairs and maintenance are charged as expenses when incurred.

Depreciation of property, plant and equipment commences once the assets are available for use and computed using the straight-line method over the estimated useful life of the assets, regardless of utilization.

Property, plant and equipment are depreciated as follows:

Buildings (straight-line method)	4%
Improvements (straight-line method)	4 - 10%
Factory and office equipment (straight-line)	15%
Motor vehicles (straight-line method)	20%
Computers (straight-line method)	25%

The assets' residual values, useful lives and methods of depreciation are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income, in the year the item is derecognized.

(i) Intangible assets

Intangible assets (color system, distribution rights and computer software) acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses, if any.

The period and the method of amortization of an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized under cost of sales, selling and administrative expenses in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset. Intangible assets with finite lives are assessed for impairment, whenever there is an indication that the intangible assets may be impaired.

4. Summary of material accounting policies (continued)

(j) Intangible assets (continued)
Costs incurred to acquire computer software (not an integral part of its related hardware) and bring it to its intended use are capitalized as intangible assets.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the consolidated statement of comprehensive income when the asset is derecognized.

(k) Share capital
Share capital is classified as equity and is recorded at par value. Proceeds in excess of par value are recorded as share premium in the consolidated statement of financial position. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(l) Revenue
Revenue stream
The Group generates revenue from the sale of paint and related products. Revenue generated from related products does not disaggregate since it is not material.

Performance obligations and revenue recognition policies
The Group recognizes revenue when it transfers control over goods to a customer.

Nature and timing of satisfaction of performance obligations, including significant payment terms
Sale of paint and related products are based on customer purchases at point of sale or upon delivery of goods. The performance obligation is the transfer of goods to the customer. Payment for account sales is due at the end of the following month after purchase. Customers have a right to return items sold provided the items returned pass the Group's quality inspection after which the customer is entitled to receive a full cash refund. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Revenue recognition policy
Revenue is recognized at a point in time when the performance obligation is satisfied.

(m) Other income
Other income consists of gains from sale of property, plant and equipment, sale of scrap materials and colorants, rebate from suppliers. These are recognized upon completion of the sales process and the collectability of the sales price is reasonably assured. Rebate from suppliers and other income are recorded upon receipt.

(n) Contingencies
Contingent liabilities are not recognized in these consolidated financial statements but are disclosed in the notes to these consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in these consolidated financial statements but are disclosed in the notes to these consolidated financial statements when an inflow of economic benefits is probable.

4. Summary of material accounting policies (continued)

(o) Pension costs

The Group has an administered defined contribution pension plan for its employees. Pension benefits are determined as a function of accumulated contributions made by both the Group and the employees and the investment returns earned by the invested contributions. The Group's contributions are charged against income in the year the employees provided the service. The net defined contribution plan expenses for the Group for the year ended March 31, 2024 were $23,057 (2023 - $23,249).

(p) Earnings per share ("EPS")

Basic EPS is computed by dividing net income attributable to the ordinary equity holders by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(q) Dividends on common shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the Board of Directors of the Company in the case of cash dividends, and the Board of Directors and shareholders in the case of stock dividends.

(r) Subsequent events

Any post year-end event up to the date of approval by the Board of Directors of these consolidated financial statements that provides additional information about the Group's position at the reporting date, in which such event is deemed an adjusting event, is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

5. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge, and their predictions of future events and actions. Actual results can always differ from those estimates, possibly significantly. Revisions to accounting estimates are recognized in the year of the revision and future years, where applicable. The areas where significant estimates and judgments have been applied by management are described in the following notes:

- Note 4 (e) (iv) – impairment of financial assets; measurement of ECL allowance for trade and other receivables – in particular, the key judgements around data inputs and assumptions in determining the expected credit loss.

6. Financial risk management objectives and policies

The Group's financial instruments comprises cash, trade and other receivables and trade and other payables. The Group has exposure to credit risk, liquidity risk and market risk from the use of financial instruments. The Board of Directors ("BOD") of the Group review and approve the policies for managing risks which are summarized below, together with the related risk management structure.

Risk management structure
The BOD of the Group is ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks. The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The Group's BOD has created the board-level Audit Committee ("AC") to spearhead the managing and monitoring of risks. The AC assists the Group's BOD in its fiduciary responsibility for the overall effectiveness of risk management systems of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

(a) financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;
(b) risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management; and
(c) the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Day-to-day risk management function
At the Group level, the day-to-day risk management functions are handled by the Finance Committee and senior management who initiate and are directly accountable for all risks taken.

Risk management
The following analysis provides a measure of the Group's risk exposure and concentrations as at March 31, 2024.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises primarily from cash and trade and other receivables.

Cash
Cash is held with a Bermuda-based financial institution which has minimal risk of credit default and is rated by Standard & Poor's with a credit rating of between -A2 and BBB+ (2023 - A2 and BBB+) at March 31, 2024 in the opinion of management.

Impairment of cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash have low credit risk based on external credit ratings of the counterparty.

6. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's receivable balances are primarily with various Bermuda-based commercial and retail customers, and are subject to credit risks in the normal course of business.

The maximum exposure to credit risks at the reporting date is the carrying value of trade and other receivables on the consolidated statement of financial position.

To mitigate the credit exposure, Management has established a credit policy under which each customer is analyzed for creditworthiness prior to being offered credit. Management also has procedures in place to restrict credit transactions if the customers have not cleared outstanding debts within the credit period.

Credit risk is monitored according to each customer's characteristics, such as whether it is an individual or company, industry, aging profile and previous financial difficulties. The Group only has a handful of corporate customers to which credit is advances. Management obtains specific knowledge on each customer through direct contact with these customers, and also other public information. No detailed numerical data on an aggregated basis is prepared for key management personnel.

See note 4 (e) (iv) for the policy on expected credit loss assessment for trade receivables and note 9 for amount of loss allowance.

(b) Liquidity risk

Liquidity risk is the risk of not being able to meet financial requirements as they fall due. The Group's liquidity management involves maintaining funding capacity to service maturing liabilities. The Group maintains a level of cash deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

As at March 31, 2024, the carrying amount of the trade and other payables is equal to the fair value. All are short-term in nature and due within a period of 12 months.

The following are the contractual maturities of financial liabilities as at the reporting date:

	Carrying amount $	Contractual cash flows $	0 – 12 months $
Trade and other payables at March 31, 2024	129,431	129,431	129,431
Trade and other payables at March 31, 2023	296,232	296,232	296,232

The Group does not expect to encounter significant difficulties in meeting its financial liabilities.

6. Financial risk management objectives and policies (continued)

(c) Market risk

Market risk is the risk of loss to future earnings, fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors. The following discussion covers the market risk of the Group:

Foreign currency risk

The Group is exposed to foreign currency risk primarily on purchases that are denominated in a currency other than the Bermuda Dollar. However, foreign currency risk is minimal, due to the fact that the Bermuda Dollar is pegged to the US Dollar at a 1:1 rate and the majority of the Group's materials and trading goods are imported from the United States.

The Group is not exposed to significant interest rate or other price risk.

7. Fair value of financial assets and financial liabilities

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, trade and other receivables and trade and other payables
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

As at March 31, 2024, none of the Group's financial instruments are measured at fair value.

Certain items such as inventory, property, plant and equipment, prepaid expenses, intangible assets and other non-current assets are excluded from fair value disclosure requirements as they are not financial instruments. Thus, the carrying amounts of all items in the consolidated statement of financial position cannot be aggregated to determine the underlying fair value of the Group.

8. Cash

Cash comprise of cash held in current accounts in the amount of $639,049 (2023 - $640,495).

9. Trade and other receivables

	2024 $	2023 $
Trade receivables	116,191	181,987
Due from related parties (note 14)	12,071	31,133
Receivable from employees	966	-
Allowance for impairment losses on trade and other receivables	(1,301)	(12,024)
	127,927	201,096

The following table provides information about the exposure to credit risk and ECLs for trade receivable from individual customers.

	2024				2023			
	Weighted average loss rate %	Gross $	Allowance for impairment $	Credit-impaired	Weighted average loss rate %	Gross $	Allowance for impairment $	Credit-impaired
Not past due	0.26%	108,686	276	No	1.02%	143,856	1,468	No
Past due 31 – 60 days	1.12%	3,332	37	No	1.00%	21,561	217	No
Past due 61 – 90 days	2.42%	677	16	No	6.94%	6,758	469	No
Past due 91– 120 days	4.21%	4,476	188	No	16.18%	6,303	1,020	No
More than 120 days	6.50%	12,057	784	Yes	25.55%	34,642	8,850	Yes
		129,228	1,301			213,120	12,024	

Loss rates are based on the actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Determining the loss rates involves significant judgement; particularly in case of data inputs (reflecting, among others, change in economic conditions) and assumptions about the degree of losses. The key input change resulting in the decrease in loss rates during the year relates to the exclusion of historical data affected by COVID-19, in order to reflect the Group's normal loss experience.

Changes in the allowance for impairment losses on trade and other receivables are as follows:

	2024 $	2023 $
Balance at beginning of year	12,024	7,161
(Recovery) increase in impairment charge for the year	(10,299)	4,896
Amounts written off	(424)	(33)
	1,301	12,024

The decrease in the gross carrying amount of trade receivables, attributable to prompt collections from customers, has contributed to the change in the impairment loss allowance for the year.

10. Inventories

Inventories are comprised as follows:

	2024 $	2023 $
Raw materials	727,437	800,840
Trading goods	321,508	376,227
Finished goods	120,571	167,735
Write-down for obsolete and slow moving inventories (Note 17)	(7,414)	(3,159)
Net realisable value of inventory	1,162,102	1,341,643

Cost of sales includes inventories expensed during the year in the amount of $1,402,876 (2023 - $1,465,861). Inventory written-down as expensed and included in cost of sales in the consolidated statement of comprehensive income amounted to $4,934 (2023 - $2,946). A write-down of obsolete and slow-moving inventories also expensed and included in cost of sale during the year in the amount of $4,255 (2023 - $3,159).

11. Property, plant and equipment

	Land $	Building/ Asset under construction $	Improvements $	Factory equipment $	Office equipment $	Motor vehicles $	Computer $	Total $
Cost								
At April 1, 2022	225,000	804,583	499,633	961,224	286,117	130,306	212,100	3,118,963
Additions	–	–	–	–	7,010	–	3,151	10,161
Disposal	–	–	–	–	–	(38,615)	–	(38,615)
At March 31, 2023	225,000	804,583	499,633	961,224	293,127	91,691	215,251	3,090,509
Additions	–	–	–	–	5,778	–	6,295	12,073
At March 31, 2024	**225,000**	**804,583**	**499,633**	**961,224**	**298,905**	**91,691**	**221,546**	**3,102,582**
Accumulated depreciation								
At April 1, 2022	–	766,035	424,688	928,014	269,181	116,434	209,849	2,714,201
Charge for year	–	–	19,597	10,420	7,160	2,870	1,463	41,510
Disposal	–	–	–	–	–	(38,615)	–	(38,615)
At March 31, 2023	–	766,035	444,285	938,434	276,341	80,689	211,312	2,717,096
Charge	–	–	9,320	7,726	5,350	2,870	1,503	26,769
At March 31, 2024	–	**766,035**	**453,605**	**946,160**	**281,691**	**83,559**	**212,815**	**2,743,865**
Net book value								
At April 1, 2022	225,000	38,548	74,945	33,210	16,936	13,872	2,251	404,762
At March 31, 2023	225,000	38,548	55,348	22,790	16,786	11,002	3,939	373,413
At March 31, 2024	225,000	38,548	46,028	15,064	17,214	8,132	8,731	358,717

11. Property, plant and equipment (continued)

The Group disposed motor vehicle with a cost of $38,615 and a net book value of $nil in financial year 2023 for $8,000. Management has determined that there was no impairment of property, plant and equipment at the end of the current and prior fiscal years.

The building is fully depreciated but still in use as of March 31, 2024 and 2023.

12. Intangible assets

(a) The Group purchased distribution rights as a non-exclusive distributor for certain products on September 1, 2007. The cost pertaining to this purchase has been recorded as an intangible asset and was amortized on a straight-line basis over four years. This intangible asset was fully amortized in September 2011.

(b) The Group commenced development of a color system in 2009 which was completed in October 2012. The amortization for the costs associated in the development of this asset was started in November 2012. This intangible asset was fully amortized in March 2017.

(c) The Group purchased computer software to be used in its production process. The cost of this asset is amortized over a period of five years starting in August 2012. This intangible asset was fully amortized in July 2017.

(d) The Group purchased computer software to be used in the shop. The cost of this asset is amortized over a period of five years starting in September 2018.

(e) Management has determined that there was no impairment of intangible assets at the end of the current and prior fiscal years.

	Color system $	Distribution rights $	Computer software $	Total $
Cost				
At April 1, 2023 and 2024	**226,012**	**80,000**	**51,050**	**357,062**
Accumulated amortization				
At April 1, 2022	226,012	80,000	42,719	348,731
Amortization charge	–	–	5,650	5,650
At March 31, 2023	226,012	80,000	48,369	354,381
Amortization charge	–	–	2,681	2,681
At March 31, 2024	**226,012**	**80,000**	**51,050**	**357,062**
Net book value				
At April 1, 2022	–	–	8,331	8,331
At March 31, 2023	–	–	2,681	2,681
At March 31, 2024	–	–	–	–

13. Trade and other payables

	2024 $	2023 $
Trade payables	18,555	117,271
Accrued expenses	89,940	108,660
Dividends payable	20,936	70,301
	129,431	296,232

Trade payables
Trade payables are non-interest-bearing and are normally settled on 30 to 60-day terms. Trade payables arise mostly from purchases of inventories, which include trading goods and raw materials for use in manufacturing. Trade payables also include liabilities arising from purchased goods and services for use in operations.

Accrued expenses
Accrued expenses consist of accruals for audit fees, director’s fees, bonus and other employee benefits.

14. Transactions and balances with related parties and with parties having significant relationship with the Group

Related party transactions are with directors, senior management, certain shareholders and individuals related to shareholders or companies affiliated to shareholders.

Transactions and balances between the Group and its related parties are disclosed below.

	2024 $	2023 $
Key Management Personnel:		
Amounts included in revenue		
Richard Moulder (Senior Management)	1,427	2,266
Jason Cook (Director)	3,123	2,212
Wilbur Warner (Director)	4,665	1,137
Bruce Wilkie (Director)	916	-
Vincent Frith (Director)	109	-
	10,240	5,615
Amounts included in Trade and other receivables (Note 9)		
Wilbur Warner (Director)	262	-
	262	-

14. Transactions and balances with related parties and with parties having significant relationship with the Group (continued)

In addition, transactions and balances between the Group and other significant relationships which are related by virtue of common director of the Group, but which do not qualify as related party relationships under the financial reporting framework, are disclosed in the table below.

	2024 $	2023 $
Amounts included in revenue		
J.W. Gray & Co.	219,263	272,106
D&J Construction Company Limited	25,319	31,043
CTX Design Group	4,227	23,114
Island Construction	7,480	1,493
D&J Excavating and Landscaping Services Limited	-	410
	256,289	328,166
Amounts included in purchases of goods and services		
J.W. Gray & Co.	92,364	47,754
D&J Excavating and Landscaping Services Limited	3,696	4,368
	96,060	52,122
Amounts included in Trade and other receivables (Note 9)		
D&J Construction Company Limited	11,809	13,219
J.W. Gray & Co.	-	17,012
CTX Design Group	-	902
	11,809	31,133

Sales of goods to related parties were made at the Group's usual list prices, less normal trade discounts. Purchases from and settlement to related parties were made at the counterparties' normal business terms. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for impairment in respect of the amounts owed by related parties as they are considered collectible.

The total interests of all the directors and officers of the Group in the shares of the Group at March 31, 2024 were 24,987 (2023 - 24,987) shares. No rights to subscribe for shares in the Group have been granted to or exercised by any director or officer. There are no service contracts with directors.

15. Share capital

	2024 $	2023 $
Authorized 456,000 (2023 - 456,000) common shares of $0.50 par value	228,000	228,000
Issued and fully paid: 441,375 (2023 - 441,375) common shares of $0.50 par value	220,688	220,688

There are no restrictions attached to the common shares with regards to dividend distribution and repayment of capital. All shares rank equally with regards to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

15. Share capital (continued)

The Company declared a dividend of $0.50 per common share to shareholders on record on August 19, 2022 for a total dividend of $220,688 payable on September 2, 2022 of which $206,162 was paid and $14,526 in payable account.

The Company declared a dividend of $0.50 per common share to shareholders on record on April 14, 2023 for a total dividend of $220,688 payable on April 28, 2023 of which $218,722 was paid and $1,966 in payable account.

The Company declared a dividend of $0.50 per common share to shareholders on record on January 18, 2024 for a total dividend of $220,688 payable on February 2, 2024 of which $217,854 was paid and $2,834 in payable account.

Capital management

The Group's policy is to maintain a strong capital structure, sufficient to safeguard its ability to continue as a going concern, to provide an adequate return to shareholders, to meet its financial obligations, and to have the financial flexibility to take advantage of growth opportunities. The Group defines capital as the amount presented in the equity section of the consolidated statement of financial position.

In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group is not subject to any external capital requirements as at the year end.

16. Earnings per share

The calculation of basic and diluted earnings per share has been based on basic and diluted net income attributable to common shareholders of $317,726 (2023 - $166,537), and a weighted average number of common shares of 441,375 (2023 - 441,375).

17. Cost of sales

	2024 **$**	**2023** **$**
Raw materials used	906,102	1,050,160
Overhead cost (note 20)	95,336	104,079
Direct labor (note 20)	94,270	104,744
Cost of goods manufactured	1,095,708	1,258,983
Trading goods	492,518	412,543
Write down to net realisable value of obsolete and slow-moving inventories (Note 10)	4,255	3,159
	1,592,481	1,674,685

18. Selling expenses

	2024 $	2023 $
Wages, salaries and benefits (note 20)	250,720	246,973
Payroll tax (note 20)	10,758	12,329
Stationery and other office supplies	4,944	5,493
Fuel expenses	4,041	4,702
Depreciation and amortization	2,870	2,870
Insurance expenses	2,260	3,193
Repairs and maintenance	2,020	1,636
Other taxes and licenses	1,964	2,053
Miscellaneous expenses	230	-
	279,807	279,249

19. Administrative expenses

	2024 $	2023 $
Wages, salaries and benefits (note 20)	291,789	298,291
Professional services	115,867	112,910
Audit fees	55,130	51,948
Insurance expenses	29,822	29,496
Depreciation and amortization	18,854	33,870
Other taxes and licenses	13,561	13,531
Repairs and maintenance	11,705	14,845
Electricity and water	10,401	9,275
Telephone and other communication	9,509	9,361
Payroll tax (note 20)	8,018	9,350
Subscription and dues	4,133	4,123
Stationery and other office supplies	3,882	3,614
Postage	1,945	1,945
	574,616	592,559

20. Personnel expenses

	2024 $	2023 $
Salaries and wages	539,820	560,744
Other employee benefits	124,128	121,146
Pension expenses	23,057	23,249
	687,005	705,139

20. Personnel expenses (continued)

The breakdown of personnel expenses is as follows:

	2024 $	2023 $
Administrative expenses (note 19)	299,807	307,641
Selling expenses (note 18)	261,478	259,302
Cost of sales (note 17)	125,721	138,196
	687,006	705,139

Key management comprises members of the Board of Directors, executive committees, and senior management. Compensation of key management consists of:

	2024 $	2023 $
Salaries and wages	139,819	143,767
Other employee benefits	14,087	13,317
Pension expenses	6,099	6,052
	160,005	163,136

21. Other expenses

	2024 $	2023 $
Bank charges	43,560	40,208
Miscellaneous	23,637	28,310
Donations	2,365	151
	69,562	68,669

22. Taxation

The Group is a registered Bermuda incorporated entity, which is not currently subject to tax on profit, income or capital gains in the Islands of Bermuda. On December 27, 2023 the Bermuda government enacted legislation into law, the Bermuda Corporate Income Tax Act 2023. The Group is not currently in scope for this new legislation. Accordingly, no provision for current or deferred income tax has been made in these consolidated financial statements.