

Paskwa Pit Stop
Financial Statements
March 31, 2020

Paskwa Pit Stop

Index

For the year ended March 31, 2020

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

To the members of Pasqua First Nation:

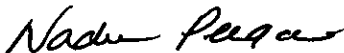
The accompanying financial statements of Paskwa Pit Stop are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial statements. Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

Chalupiak & Associates CPA Professional Corporation, an independent firm of Chartered Professional Accountants, is appointed by Chief and Council to audit the financial statements and report directly to the Members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.



Paskwa Pit Stop

Date: March 19, 2021



Chalupiak & Associates CPA Professional Corporation

Chartered Professional Accountants
3261 Saskatchewan Drive
Regina, Saskatchewan S4T 6S4
Phone: 306-359-3711 Fax: 306-569-3030

INDEPENDENT AUDITORS' REPORT

To the Management of Paskwa Pit Stop

Opinion

We have audited the financial statements of Paskwa Pit Stop, which comprise the statement of financial position as at March 31, 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Proprietorship as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Proprietorship in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 Proprietorship'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 Proprietorship or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT, continued

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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism 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 Proprietorship'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 Proprietorship'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 Proprietorship to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ♦ 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.

Regina, Saskatchewan
March 19, 2021

Chalupiak & Associates
Chalupiak & Associates

Paskwa Pit Stop
Statement of Financial Position
March 31, 2020

	2020	2019
Assets		
Current assets		
Cash - note 4	\$ 138,577	\$ 271,550
Accounts receivable - note 5	94,758	59,650
Inventory - note 6	79,646	85,866
Prepaid expenses - note 7	8,230	6,288
	321,211	423,354
Fixed assets - note 8	91,460	109,319
	\$ 412,671	\$ 532,673
Liability		
Current liability		
Accounts payable and accrued liabilities - note 9	\$ 36,126	\$ 78,579
Band's capital	376,545	454,094
	\$ 412,671	\$ 532,673

Approved on behalf of the Paskwa Pit Stop:

Janora Pasqua
Matthew T. Rejz

Paskwa Pit Stop
Statement of Comprehensive Income
For the year ended March 31, 2020

	2020	2019
Sales , Schedule 1	\$ 2,480,349	\$ 2,527,844
Cost of sales , Schedule 1	(2,046,641)	(2,062,882)
Gross profit , Schedule 1	433,708	464,962
Expenses		
Advertising and promotion	1,298	2,376
Amortization	28,236	25,371
Bad debts	4,837	-
Cash shortages (overages)	(1,079)	(406)
Contracts	800	22,936
Donations	3,100	4,800
Freight	3,378	3,347
Insurance	11,070	11,115
Interest and bank charges	11,961	17,072
Janitorial supplies	-	4,271
Meetings / per diems	600	-
Miscellaneous	439	250
Office	13,487	7,063
Professional fees	12,767	14,926
Repairs and maintenance	15,038	13,623
Salaries and related benefits	290,664	207,436
Security	455	439
Telephone	11,266	12,587
Travel	11,346	10,805
Utilities	12,748	10,487
	432,411	368,498
Income before undernoted items	1,297	96,464
Other income (expenses)		
Net income - Laundromat	(480)	(1,362)
Other income	21,634	24,064
Contribution to Pasqua First Nation	(100,000)	(100,000)
	(78,846)	(77,298)
(Loss) Net income	\$ (77,549)	\$ 19,166

Paskwa Pit Stop
Statement of Changes in Equity
For the year ended March 31, 2020

	2020	2019
Band's capital, beginning of year	\$ 454,094	\$ 434,928
(Loss) Net income	(77,549)	19,166
Band's capital, end of year	\$ 376,545	\$ 454,094

Paskwa Pit Stop
Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash flows from (used in) operating activities		
(Loss) Net income	\$ (77,549)	\$ 19,166
Item not involving cash		
Amortization	28,236	25,371
Changes in non-cash operating items		
Accounts receivable	(35,108)	(42,627)
Inventory	6,220	(1,884)
Prepaid expenses	(1,942)	(914)
Accounts payable and accrued liabilities	(42,454)	52,614
	(122,597)	51,726
Cash flows from (used in) investing activity		
Purchase of fixed assets	(10,376)	(1,300)
	(132,973)	50,426
(Decrease) increase in cash	(132,973)	50,426
Cash, beginning of year	271,550	221,124
Cash, end of year	\$ 138,577	\$ 271,550

1. Nature of operations

Paskwa Pit Stop is wholly owned by the Pasqua First Nation and is located on the Pasqua First Nation Reserve near Fort Qu'Appelle, Saskatchewan. The store sells fuel, groceries, and other convenience items and also operates a Laundromat and Post Office. The company is exempt from income taxes as it is part of the Pasqua First Nation and is providing services on reserve land.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on behalf of the Proprietorship and authorized for issue on March 19, 2021.

3. Change in accounting policies

(a) Adoption of new and revised IFRS Standards

Impact of initial application of IFRS 16 Leases

In the current year, the Partnership has applied IFRS 16 (as issued by IASB in January 2016) that is effective for annual periods that begin on or after January 1, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

There were no significant impact on the Partnership's financial statement on the initial application of the IFRS 16 Leases.

Adoption of amendments to IFRS standards and interpretations:

In the current year, the Partnership has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

3. Change in accounting policies, continued

(b) New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Partnership has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17 Insurance Contracts

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an investor and its Associate

Amendments to IFRS 3 Definition of business

Amendments to IAS 1 and IAS 8 Definition of material

Conceptual Framework Amendments to References to the Conceptual Framework in IFRS.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Partnership in future periods.

4. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards. The significant accounting policies are detailed as follows:

(a) Basis of presentation

These financial statements reflect only the assets, liabilities, revenue and expenses of the Proprietorship and therefore do not include any other assets, liabilities, revenues or expenses of the Management or the liability of the Management for income taxes on earnings of the Proprietorship.

Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- ♦ Financial instruments at fair value through profit or loss are measured at fair value.

Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is also the Proprietorship's functional currency.

Significant accounting judgements, estimates and assumptions:

The preparation of the Proprietorship's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

- ♦ Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary;
- ♦ Depreciation is based on the estimated useful lives of fixed assets;
- ♦ Impairment of fixed assets is based on the estimated recoverable amount of the assets; and,
- ♦ The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Significant accounting policies, continued

(b) Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. Transactions to purchase or sell these items are recorded on the trade date. During the year, there has been no reclassification of financial instruments.

Financial assets at fair value through profit or loss

The Proprietorship has classified cash and cash equivalents and marketable securities as a financial asset at fair value through profit or loss. Any gain/loss arising as a result of the difference between the carrying amount and fair value is recognized in total comprehensive income.

Financial instruments at fair value through profit or loss are subsequently measured at their fair value.

Loans and receivables

The Proprietorship has classified accounts receivable and due from related parties as loans and receivables.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, plus or minus any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in total comprehensive income upon de-recognition or impairment.

Financial liabilities measured at amortized cost

The Proprietorship has classified accounts payable and accruals, and due to related parties as financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost are measured at their amortized cost subsequent to initial recognition. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in total comprehensive income upon de-recognition or impairment.

4. Significant accounting policies, continued

(c) Financial asset impairment

The Proprietorship assesses impairment of all its financial assets, except those classified as fair value through profit and loss. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year earnings.

(d) Fair value measurements

The Proprietorship classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- ◆ Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- ◆ Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- ◆ Level 3: Unobservable inputs in which there is little or no market data, which require the Proprietorship to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurements. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

(e) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(f) Marketable securities

Marketable securities are classified at fair value through profit or loss. They consist of mutual funds which are all traded in public markets. Marketable securities are recorded at fair value, with changes to fair value recorded as other income.

(g) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

4. Significant accounting policies, continued

(h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset or its development when those costs are necessarily incurred for the asset to function in the manner intended by management. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

All assets having limited useful lives are depreciated using the straight-line or declining balance method over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is capable of operating in the manner intended by management.

In the year of acquisition, depreciation is taken at one-half of the applicable rates.

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

The methods of depreciation and depreciation rates applicable for each class of asset are as follows:

Buildings	25 years
Parking lot	5 years
Computer equipment	3 years
Fuel tanks	10 years
Store equipment and furnishings	5 years
Software	2 years
Fibre cable	8 years

4. Significant accounting policies, continued

(i) Impairment of non-financial assets

At the end of each reporting period, the Proprietorship reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Proprietorship estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU 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 CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Accrual basis of accounting

Revenue and expenditures are recorded on the accrual basis of accounting under which they are recorded in the financial statements in the period they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

(k) Contingencies

There is no provision for income taxes or related contingencies as the First Nation is exempt from paying income taxes.

(l) Measurement uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

4. Significant accounting policies, continued

(m) Revenue recognition

The Proprietorship does not recognize revenue before the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Proprietorship, the stage of completion of the transaction at the end of the reporting period can be measured reliably, the costs incurred for the transaction and the costs to complete the transaction can be measured reliably and collection of the related receivable is reasonably assured.

(n) Comprehensive income

Comprehensive income includes all changes in equity of the Proprietorship, except those resulting from investments by partners and distributions to partners. Comprehensive income is the total of net earnings and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with International Financial Reporting Standards, require recognition, but are excluded from net earnings. The Proprietorship does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in total comprehensive income for the period.

(o) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

5. Cash

Cash is comprised of operating bank accounts and cash floats.

6. Accounts receivable

	2020	2019
Sask Finance rebates	\$ 8,135	\$ 8,353
Trade receivables	7,519	7,438
Trade receivables - Pasqua First Nation	81,279	46,713
Trade receivables - Pasqua First Nation Social Development	3,904	902
GST receivable	422	-
Payroll Advances	1,029	244
	102,288	63,650
Less: Allowance for doubtful accounts	7,530	4,000
	\$ 94,758	\$ 59,650

Paskwa Pit Stop
Notes to Financial Statements
For the year ended March 31, 2020

7. Inventory

	2020	2019
Fuel	\$ 37,519	\$ 36,509
Cigarettes and tobacco	22,276	25,105
Other	19,851	24,252
	\$ 79,646	\$ 85,866

8. Prepaid expenses

	2020	2019
Insurance	\$ 5,905	\$ 5,451
Retail systems contract	835	837
Harlan Fairbanks deposit on equipment	800	-
Group insurance	690	-
	\$ 8,230	\$ 6,288

Paskwa Pit Stop
Notes to Financial Statements
For the year ended March 31, 2020

9. Fixed assets

2020

	Buildings	Parking lot	Computer equipment	Fuel tanks	Store equipment and furnishings	Software	Fibre cable	Total
Cost								
Balance at April 1, 2019	\$ 166,442	\$ 49,482	\$ 45,895	\$ 232,799	\$ 66,202	\$ 9,628	\$ 16,070	\$ 586,518
Additions	-	-	1,895	-	6,690	1,790	-	10,375
Total at March 31, 2020	166,442	49,482	47,790	232,799	72,892	11,418	16,070	596,893
Depreciation								
Balance at April 1, 2019	105,388	49,482	44,614	193,031	65,012	9,628	10,044	477,199
Depreciation	6,784	-	1,479	14,540	2,528	895	2,008	28,234
Total at March 31, 2020	112,172	49,482	46,093	207,571	67,540	10,523	12,052	505,433
Net book amount at March 31, 2020	\$ 54,270	\$ -	\$ 1,697	\$ 25,228	\$ 5,352	\$ 895	\$ 4,018	\$ 91,460

Paskwa Pit Stop
Notes to Financial Statements
For the year ended March 31, 2020

9. Fixed assets, continued

2019

	Buildings	Parking lot	Computer equipment	Fuel tanks	Store equipment and furnishings	Software	Fibre cable	Total
Cost								
Balance at April 1, 2018	\$ 166,442	\$ 49,482	\$ 44,595	\$ 232,799	\$ 66,202	\$ 9,628	\$ 16,070	\$ 585,218
Additions	-	-	1,300	-	-	-	-	1,300
Total at March 31, 2019	166,442	49,482	45,895	232,799	66,202	9,628	16,070	586,518
Depreciation								
Balance at April 1, 2018	98,604	49,482	43,766	178,490	63,821	9,628	8,035	451,826
Depreciation	6,784	-	848	14,541	1,191	-	2,009	25,373
Total at March 31, 2019	105,388	49,482	44,614	193,031	65,012	9,628	10,044	477,199
Net book amount at March 31, 2019	\$ 61,054	\$ -	\$ 1,281	\$ 39,768	\$ 1,190	\$ -	\$ 6,026	\$ 109,319

10. Accounts payable and accrued liabilities

	2020	2019
Trade payables	\$ 22,465	\$ 57,492
Accrued liabilities	9,500	9,500
Wages and benefits	-	6,984
GST	-	686
Canada Revenue Agency	4,161	3,917
	\$ 36,126	\$ 78,579

11. Financial instruments

The Proprietorship as part of its operations carries a number of financial instruments. It is management's opinion that the Proprietorship is not exposed to significant interest, currency, or credit risks arising from these financial instruments except as otherwise disclosed.

(a) Risk management policy

The Proprietorship observes an informal risk management policy by maintaining the majority of the Proprietorship's capital in liquid assets.

There have been no changes in risk exposures from the prior year.

(b) Fair value of financial instruments

The carrying amount of cash and cash equivalents, accounts receivable, and accounts payable and accruals approximate their fair value due to their short-term nature.

The fair value of amounts due from/to related parties is not determinable as timing of future cash flows cannot be estimated.

Financial assets at fair value through profit or loss:

Cash and cash equivalents are recorded at fair value, which is approximated by the initial carrying value, due to their short-term nature. Marketable securities are recorded at fair value, which is approximated by quoted prices available in an active market. Cash and cash equivalents and marketable securities are measured at level 1 in the fair value hierarchy.

Loans and receivables:

Accounts receivable and due from related parties are recorded at their amortized cost.

Financial liabilities measured at amortized cost:

Accounts payable and accruals and due from related parties are recorded at their amortized cost.

11. Financial instruments, continued

(c) Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the Proprietorship's accounts receivable best represents the maximum exposure to credit risk.

The Proprietorship manages its credit risk by performing regular credit assessments of its customers, providing allowances for potentially uncollectible accounts receivable and considering credit ratings of counterparties. The Proprietorship does not require collateral or other security relating to accounts receivable.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the division manages exposure through diversification of both investments and maturity dates of investments.

The Partnership is not exposed to interest rate risk.

(e) Liquidity risk

Liquidity risk is the risk that the Proprietorship will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Proprietorship enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Proprietorship's future net cash flows for the possibility of negative net cash flow.

The Proprietorship manages the liquidity risk resulting from its accounts payable by maintaining liquid assets.

12. Related party transactions

Transactions with related parties are in the normal course of business and are for fair consideration that is mutually agreed upon by the related parties.

Schedule 1
Paskwa Pit Stop
Schedule of Gross Profit
For the year ended March 31, 2020

2020						
	Sales	Cost of sales before rebates	Rebates	Cost of sales after rebates	Gross profit	%
Fuel and auto	\$ 1,053,851	\$ 989,347	\$ (141,665)	\$ 847,682	\$ 206,169	47.5
Grocery	100,973	89,315	-	89,315	11,658	2.7
Confectionary / fast food	313,214	215,221	-	215,221	97,993	22.6
Cigarettes and tobacco	932,177	854,093	(37,165)	816,928	115,249	26.6
Other	80,134	77,932	(437)	77,495	2,639	0.6
	\$ 2,480,349	\$ 2,225,908	\$ (179,267)	\$ 2,046,641	\$ 433,708	100.0

2019						
	Sales	Cost of sales before rebates	Rebates	Cost of sales after rebates	Gross profit	%
Fuel and auto	\$ 1,059,754	\$ 991,811	\$ (159,662)	\$ 832,149	\$ 227,605	49.0
Grocery	99,148	77,867	-	77,867	21,281	4.6
Confectionary / fast food	293,328	238,917	-	238,917	54,411	11.7
Cigarettes and tobacco	980,997	880,034	(41,427)	838,607	142,390	30.6
Other	94,617	75,964	(622)	75,342	19,275	4.1
	\$ 2,527,844	\$ 2,264,593	\$ (201,711)	\$ 2,062,882	\$ 464,962	100.0