CinemaONE Limited

Financial Statements

30 September 2019

CinemaONE Limited

Contents

CinemaONE Limited

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of CinemaONE Limited (the Company) which comprise the statement of financial position as at 30 September 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

______________________ Chairman
20 December 2019

______________________ Director
20 December 2019

Independent auditor's report

To the shareholders of CinemaONE Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CinemaONE Limited (the Company) as at 30 September 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

CinemaONE Limited's financial statements comprise:

- the statement of financial position as at 30 September 2019;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Basis for opinion

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

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

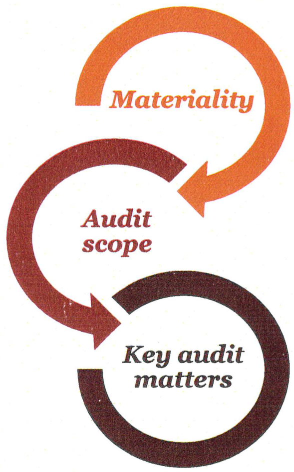
Independence

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

Independent auditor's report (Continued)

Our audit approach

Overview



Overall materiality: $183,461, which represents 1% of revenue

- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
  - the risk of material misstatement in the financial statements
  - significant accounting estimates
  - the risk of management override of internal controls

We have determined that there are no key audit matters to communicate in our report

Audit scope

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Independent auditor's report (Continued)

Overall materiality	$183,461
How we determined it	1% of revenue
Rationale for the materiality benchmark applied	We chose revenue as a benchmark because, in our view, it is the most stable benchmark against which the performance of the Company can be measured by users, and is a generally accepted benchmark. We chose 1% which is within the range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $18,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other matter

The financial statements of the Company for the year ended 30 September 2018, were audited by another firm of auditors whose report, dated 4 February 2019, expressed an unmodified opinion on those financial statements.

Other information

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

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

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

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

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

Management is responsible for the preparation 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.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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.

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

Independent auditor's report (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kerry-Ann Chevalier.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
20 December 2019

CinemaONE Limited

Statement of Financial Position
(Expressed in Trinidad and Tobago dollars)

	Notes	As at 30 September 2019 $	2018 $
Assets			
Non-current assets			
Property, plant and equipment	4	53,279,912	52,070,335
Deferred tax asset	10	602,979	461,551
		53,882,890	52,531,886
Current assets			
Inventories	5	179,479	383,209
Trade and other receivables	6	2,269,407	1,470,803
Due from parent company	7	2,543,041	1,890,733
Cash on hand and at bank – restricted cash	8	--	833,333
Cash on hand and at bank – unrestricted cash	8	729,722	404,495
		5,721,650	4,982,573
Total assets		59,604,540	57,514,459
Shareholders' equity and Liabilities			
Shareholders' equity			
Share capital	9	32,579,503	19,026,432
Retained earnings		3,575,413	2,640,363
		36,154,916	21,666,795
Non-current liabilities			
Deferred tax liability	10	1,310,960	1,153,858
Borrowings	11	10,291,667	13,458,333
Shareholder loans	12	5,829,566	13,075,406
		17,432,193	27,687,597
Current liabilities			
Borrowings	11	3,958,333	5,612,781
Shareholder loans	12	146,352	146,352
Trade and other payables	13	1,699,459	2,267,415
Deferred revenue	14	168,612	133,519
Taxation payable		44,675	--
		6,017,431	8,160,067
Total liabilities		23,449,624	35,847,664
Total shareholders' equity and liabilities		59,604,540	57,514,459

The notes on pages 11 to 36 are an integral part of these financial statements.

Director

Director

CinemaONE Limited

Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2019 $	2018 $
Revenue	15	18,346,090	17,369,545
Cost of sales	16	(7,541,968)	(6,892,077)
Gross profit		10,804,122	10,477,468
Expenses			
Administrative expenses	16	(7,504,546)	(8,135,680)
Marketing expenses		(868,755)	(861,843)
Total expenses		(8,373,301)	(8,997,523)
Operating profit		2,430,821	1,479,945
Finance costs		(1,313,653)	(505,709)
Profit before taxation		1,117,168	974,236
Taxation	10	(182,118)	414,680
Profit for the year		935,050	1,388,916
Other comprehensive income		--	--
Total comprehensive income for the year attributable to equity holders of the Company		935,050	1,388,916
Earnings per share for profit attributable to the equity holders of the Company	17	15¢	34¢

The notes on pages 11 to 36 are an integral part of these financial statements.

CinemaONE Limited

Statement of Changes in Equity

(Expressed in Trinidad and Tobago dollars)

	Notes	Ordinary Shares $	Preference Shares $	Retained Earnings $	Shareholders' Equity $
Year ended 30 September 2019					
Balance at 1 October 2018		19,026,432	--	2,640,363	21,666,795
Total comprehensive income for the year		--	--	935,050	935,050
Transactions with owners in their capacity as owners:					
New share issue	9	14,441,680	--	--	14,441,680
New share issue expense	9	(888,609)	--	--	(888,609)
Balance at 30 September 2019		32,579,503	--	3,575,413	36,154,916
Year ended 30 September 2018					
Balance at 1 October 2017		19,116,263	2,500,000	1,251,447	22,867,710
Total comprehensive income for the year		--	--	1,388,916	1,388,916
Transactions with owners in their capacity as owners:					
Conversion of preference shares to loan		--	(2,500,000)	--	(2,500,000)
New share issue expense	9	(89,831)	--	--	(89,831)
Balance at 30 September 2018		19,026,432	--	2,640,363	21,666,795

The notes on pages 11 to 36 are an integral part of these financial statements.

CinemaONE Limited

Statement of Cash flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2019 $	2018 $
Cash flows from operating activities			
Profit before taxation		1,117,168	974,236
Adjustments for:			
Depreciation	4	2,731,545	2,976,552
Loss on sale of property, plant and equipment		(692)	--
Interest expense		1,126,445	423,660
		4,974,466	4,374,448
Changes in:			
Decrease/(increase) in inventories		203,730	(249,110)
Increase in trade and other receivables		(798,604)	(162,264)
Increase in due from parent company		(652,308)	(791,595)
(Decrease)/increase in trade and other payables		(567,956)	308,340
Increase/(decrease) in deferred revenue		35,093	(606,487)
Cash generated from operating activities		3,194,421	2,873,332
Taxation paid		(223,791)	(144,651)
Net cash generated from operating activities		2,970,630	2,728,681
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,925,227)	(8,243,255)
Proceeds from disposal of property, plant and equipment		30,692	--
Net cash used in investing activities		(3,894,535)	(8,243,255)
Cash flows from financing activities			
Repayment of loans and borrowings	18	(12,066,954)	(3,300,480)
Proceeds from loans and borrowings		--	8,899,523
Proceeds from initial public offering	9	14,441,680	--
Interest paid		(1,153,298)	(1,591,087)
New share issue expenses		(805,629)	(89,831)
Net cash generated from financing activities		415,799	3,918,125
Decrease in cash and cash equivalents for the year		(508,106)	(1,596,449)
Cash and cash equivalents at beginning of year		1,237,828	2,834,277
Cash and cash equivalents at end of year	8	729,722	1,237,828

The notes on pages 11 to 36 are an integral part of these financial statements.

1 General information

CinemaONE Limited ("CinemaONE" or "the Company"), formerly Giant Screen Entertainment Limited, was incorporated in the Republic of Trinidad and Tobago on December 11, 2009. The registered office of the Company is situated at One Woodbrook Place, 189 Tragarete Road, Port of Spain. CinemaONE is a subsidiary of Giant Screen Entertainment Holdings Limited ("GSEHL"), the Parent Company. GSEHL is registered in Trinidad and Tobago.

CinemaONE offers differentiated and innovative digital cinema entertainment in multiple, premium movie formats. In August 2011, CinemaONE launched the first large format IMAX movie theatre in the Caribbean featuring IMAX's patented, immersive 3D technology on the region's largest, giant screen. CinemaONE is the exclusive Trinidad licensee of the patented IMAX Technology of the IMAX Corporation that affords advanced high-resolution imagery, dual projection systems, patented theatre geometry, laser aligned surround sound and the world's largest movie screens.

In 2016, CinemaONE continued its innovation in movie entertainment with the launch of its luxury, designer theatre format branded Gemstone. CinemaONE's Gemstone theatre offers in-theatre dining inclusive of cocktail, wine and beer service combined with convenient push button seat side service. CinemaONE's Gemstone facilities are equipped with digital projector systems, surround sound and fully reclining seats.

In September 2018, CinemaONE constructed the first 4D theatre in Port of Spain. The 4DX theatre introduces environmental effects such as fog, lightning, motion, rain and scents to the movie going experience. The introduction of the theatre auditorium effectively marked the Company's emergence as a 6 screen multiplex at its flagship location at One Woodbrook Place, Port of Spain.

As the lead naming Sponsor, Digicel (Trinidad and Tobago) Limited has partnered with CinemaONE since the Company's inception so that the IMAX Trinidad theatre is known as the DIGICEL IMAX theatre. The other exclusive educational sponsor is Atlantic LNG Company of Trinidad and Tobago.

In the first quarter of fiscal 2019, CinemaONE sold 1,444,168 newly issued ordinary shares at $10 per share in an Initial Public Offering (IPO) to emerge on November 21, 2018 as the first Company listed on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market. CinemaONE's ordinary shares have since that date been publicly traded on the Trinidad and Tobago Stock Market under the symbol "CINE1".

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) *Basis of accounting*

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

These financial statements were authorised for issue by the Board of Directors on 20 December 2019.

2 **Summary of significant accounting policies (continued)**

(b) *Basis of measurement*

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

(c) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(d) *Use of estimates and judgements*

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying policies that have the most significant effect on the amounts recognised in the financial statements is included in the Note 2 (z) Critical Accounting and Estimates and Judgments in applying policies.

The Company has applied the accounting policies as set out below to the financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

(e) *Property, plant and equipment*

(i) *Recognition*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing property, plant and equipment are recognised in profit or loss as incurred.

2 **Summary of significant accounting policies (continued)**

(e) *Property, plant and equipment (continued)*

(i) *Recognition (continued)*

The Company has no dismantlement costs regarding the operation of its fixed assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is calculated for the following items using the declining balance basis over the estimated useful lives of each item of property, plant and equipment at the following rates:

Motor vehicle	- 25%
Computers	- 33.3%
Concession equipment	- 25%
Furniture and fixtures	- 15%

Depreciation is calculated for the following items using the straight-line balance basis for the remaining life of the lease agreement:

Leasehold improvement	- Life of lease - 20yrs (2018: 15 years)
Theatre equipment	- Life of the agreement – 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

During the financial period, the lease agreements for two of the Company's theatre formats were finalised with an increase in the leased period from 15 years to 20 years.

(iii) *Disposals*

The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(f) *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

2 **Summary of significant accounting policies (continued)**

(g) *Financial instruments*

Accounting policies effective from 1 October 2018

(i) *Classification*

The Company classifies its financial assets as those to be measured at amortised cost.

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

(ii) *Recognition and derecognition*

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

(iii) *Measurement*

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

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The following is the measurement category into which the Company classifies its debt instruments:

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

(h) *Impairment*

Accounting policies effective from 1 October 2018

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

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 6 for further details.

2 **Summary of significant accounting policies (continued)**

(i) *Accounting policies applied until 30 September 2018*

Financial instruments

Financial instruments comprise due from related companies and directors, trade and other receivables, cash at bank, bank overdraft, borrowings and trade and other payables. The standard treatment for recognition, derecognition, classification and measurement of the Company's financial instruments are noted below in notes (i) to (iii), whilst additional information on specific categories of the Company's financial instruments are disclosed in accordance with the respective accounting policy as disclosed.

(i) *Recognition*

All financial assets and liabilities are initially recognised on the date at which the Company becomes party to the contractual provisions of the instrument.

(ii) *Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) *Classification and measurement*

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition ad re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the statement of financial position.

(j) *Trade and other receivables*

Accounting policies effective from 1 October 2018

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in Note 3 (a) (ii).

2 **Summary of significant accounting policies (continued)**

(j) *Trade and other receivables (continued)*

Accounting policies applied until 30 September 2018

Trade receivables are recognised initially at fair value and subsequently measured at invoices amount less provision for impairment. Accounts receivable is stated net of any specific provision established to recognise anticipated losses for bad and doubtful debts. Bad debts are written off during the period in which they are identified.

(k) *Cash and cash equivalents*

For the purposes of the statement of cash flows, cash and cash equivalents are presented net of any bank overdraft. Cash comprise cash on hand and cash on bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value

(l) *Impairment of non-financial assets*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indicator of impairment. If such an indicator exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of other assets is the greater of their net selling price 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) *Borrowings*

Borrowings are recognised initially at fair value less attributable transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest rate method. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, is capitalised. Other borrowing costs are recognised as an expense.

(n) *Trade and other payables*

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost.

(o) *Deferred revenue*

Sponsorship income that compensates the Company for expenses incurred is initially recorded as deferred income on the statement of financial position and is recognised as revenue in profit or loss on a systematic basis over the period of the sponsorship in the same periods in which the expenses are incurred.

2 **Summary of significant accounting policies (continued)**

(p) *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(q) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(r) *Revenue recognition*

Accounting policies effective from 1 October 2018

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 October 2018. Due to the nature of the Company's revenue which is further described below, there were no significant changes to the revenue recognition policy, and hence no impact in the financial statements.

The following specific recognition criteria must also be met before revenue is recognised:

- *Film revenue*

  Revenue is generated from sales of box office tickets purchased at the theatre for the exhibition of movies from film studios. Revenue is recognised on sale of box office tickets.

  The performance obligation is satisfied by showing the movie to customers when they obtain control via the purchase of a ticket.

- *Food and Beverage revenue*

  Revenue is also received from the delivery of food and beverages, including alcoholic beverages for consumption on site. Revenue is recognised on sale of concession items.

- *Sponsorship revenue*

  Sponsorship revenue is allocated by business categories including but not exclusive to Title sponsor, Educational Sponsor and Financial sponsor categories. Sponsorship revenue is recognised as the service is rendered over the period of the sponsorship.

  The performance obligation is satisfied by fulfilling the contractual obligations to the sponsor.

- *Gift certificates revenue*

  Gift certificates are purchased to be used as box office tickets and/or food and beverages. Revenue is recognised on the redemption of the gift certificates.

2 **Summary of significant accounting policies (continued)**

(r) *Revenue recognition (continued)*

Accounting policies applied until 30 September 2018

- *Film revenue*

  Revenue is generated from sales of box office tickets purchased at the theatre for the exhibition of movies from film studios. Revenue is recognised on sale of box office tickets.

- *Food and Beverage revenue*

  Revenue is also received from the delivery of food and beverages, including alcoholic beverages for consumption on site. Revenue is recognised on sale of concession items.

- *Sponsorship revenue*

  Sponsorship revenue is allocated by business categories including but not exclusive to Title sponsor, Educational Sponsor and Financial sponsor categories. Sponsorship revenue is recognised as the service is rendered over the period of the sponsorship.

- *Gift certificates revenue*

  Gift certificates are sold at box office and booked as deferred income until redeemed by the customer. Revenue is recognised on the redemption of the gift certificates at box office and concession.

(s) *Operating leases*

Payments under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss as an integral part of the total lease expense.

(t) *Taxation*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2 **Summary of significant accounting policies (continued)**

(u) *Employee benefits*

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(v) *Dividend policy*

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) *Earnings per share*

Basic earnings per share is calculated by dividing: the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the financial year. See Note 17.

(x) *Comparative information*

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

2 **Summary of significant accounting policies (continued)**

(y.1) *New, revised and amended standards and interpretations adopted*

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 October 2018:

- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to IAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

The adoption of these amendments had no material impact on the current period or any prior period and is not likely to affect future periods. Other standards, amendments and interpretations which are effective for the financial year beginning on 1 October 2018, are not material to the company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 October 2018 (continued):

- IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

  The Company has assessed the impact of the initial application for IFRS 9 on the 2019 financial statements to be insignificant. See Note 3 (a) (ii) for further details.

- IFRS 15, *Revenue from contracts with customers*, effective for accounting periods beginning on or after 1 January 2018, replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Company applied a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There are new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.
  The Company has assessed the initial application of IFRS 15 on the 2019 financial statements to be insignificant.

2 Summary of significant accounting policies (continued)

(y.2) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

- IFRS 16, Leases, which is effective for annual reporting periods beginning on or after 1 January 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals.

  Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  The Company is assessing the impact that the initial application of this amendment will have on its 2020 financial statements.

  There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(z) *Critical accounting estimates and judgements in applying policies*

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements are set out below:

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Current and deferred income tax balances are disclosed in the statement of financial position. Details of the expense for the year are shown in Note 10.

3 Financial risk management

a. *Financial risk management objectives*

The Company's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as market risk, credit risk, and the investment of excess liquidity.

(i) *Market risk*

This comprises foreign exchange risk, cash flow and fair value interest rate risk and price risk.

(a) *Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily to the US dollar. The Company's exposure to foreign exchange risk from the US dollar is not significant. Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(b) *Price risk*

The Company's exposure to securities price risk arising from investments is nil.

(c) *Interest rate risk*

The Company had no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position.

The Company's exposure to changes in market interest rates relates primarily to the long-term debt obligation, with the interest rate being TT Dollar prime minus 1.90% with a floor of 6.95%. The exposure to interest rate risk on cash held on deposit is not significant.

Non-interest bearing borrowings were on 27% of borrowings in 2019 (2018: 36%) and the balance of borrowings were secured at fixed rates.

The exposure of the Company's borrowings to interest rate changes are as follows:

	2019 $	2018 $
Less than one year	4,085,838	437,371
Between 1 - 5 years	10,623,967	2,889,052
	14,709,805	3,326,423

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The main financial risks of the Company relate to the availability of funds to meet business needs, the risk of default by counterparties to financial transactions. The company monitors the financial risks that arise in relation to underlying business needs and operates within clear policies and stringent parameters. The Company's principal financial liabilities comprise bank loans.

There have been no changes to the way the Company manages this exposure compared to the prior year.

3 Financial risk management (continued)

a. *Financial risk management objectives (continued)*

(ii) *Credit risk management*

Credit risk arises from deposits into bank as well as credit exposures for receivables related to sponsorship arrangements and special events. The Company has policies in place to ensure that the delivery of sponsorship services and events are made to customers with an appropriate credit history. Credit exposures arise from the delivery of services to customers, including outstanding receivables. Deposits are only made to reputable commercial banks. First Citizens Bank has a Standard and Poors rating of BBB/Stable/A-2 and First Caribbean International Bank has a Standard and Poors rating outlook for deposits.

The due from parent company balance arises mainly from administrative services provided by the Company. The credit risk associated with this balance is considered low due to the credit quality of the parent company and also the capacity to net off this receivable with payables due from the Company to the parent company.

In assessing credit losses associated with receivables, such as sponsorship arrangements and special events, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance by counterparties.

There have been no changes to the way the Company manages this exposure compared to the prior year.

Maximum exposure to credit risk

The accounting policies for financial instruments have been applied to the line items below:

	2019 **$**	**2018** **$**
Trade receivables	812,532	508,224
Due from parent company	2,543,041	1,890,733
Cash at bank and on hand	729,722	1,237,828
	4,085,295	3,636,785

There was no material impact to the carrying value of other receivables on the adoption of IFRS 9. Collateral is not held for any balances exposed to credit risk, with the exception of a guarantee held for the due from parent company balance, which can be found in Note 7.

The simplified approach

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for Trade and other receivables. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Company first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors.

3 Financial risk management (continued)

a. *Financial risk management objectives (continued)*

(ii) *Credit risk management (continued)*

Incorporation of forward-looking information

Historical loss rates for trade and other receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified indicators such as, concentration risk and macroeconomic fundamentals of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Company categorises a receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit or loss and other comprehensive income.

Summary of ECL calculations

a) *The simplified approach (trade and other receivables)*

A summary of the assumptions underpinning the Company's expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions using the Company's internal grading system

Trade and other receivables assessed for specific provisions are identified based on certain default triggers (e.g. customers with significant cash flow issues, business model issues and other relevant factors). Once the population for specific provisions is identified, it is segregated from the rest of the portfolio and an ECL is calculated based on an individual rating assignment.

The following is a summary of the ECL on trade and other receivables from specific provisions:

Aging Bucket	**Average ECL rate %**	**Estimated EAD $**	**Expected credit loss $**
Total performing (1 to 3 months due)	--	150,000	--
3-12 months due	--	662,532	--
	--	812,532	--

3 Financial risk management (continued)

a. *Financial risk management objectives (continued)*

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The Company's liquidity risk management process is measured and monitored by senior management. This process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Company has adequate committed lines of credit to meet its obligations.

There have been no changes to the way the Company manages this exposure compared to the prior year.

The table below analyses the Company's financial liabilities based on the remaining period at the financial position date to the contractual maturity date.

Financial liabilities

	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 to 5 years
	$	$	$	$
At 30 September 2019				
Borrowings	14,250,000	16,500,964	5,078,619	11,422,345
Shareholder loans	5,975,918	6,474,319	146,352	6,327,967
Deferred revenue	168,612	168,612	168,612	--
Trade and other payables (excluding statutory liabilities)	1,615,607	1,615,607	1,615,607	--
At 30 September 2018				
Borrowings	19,071,114	19,071,114	5,612,781	13,458,333
Shareholder loans	13,221,758	13,790,163	146,352	13,643,811
Deferred revenue	133,519	133,519	133,519	--
Trade and other payables (excluding statutory liabilities)	2,197,183	2,197,183	2,197,183	--

3 Financial risk management (continued)

b. *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes compared to the financial year ended 30 September 2018.

There are no particular strategies to determine the optimal capital structure. There are externally imposed capital maintenance requirements to which the Company is subjected, and with which it was in compliance for the year ended 30 September 2019 and 30 September 2018.

The gearing ratios as at 30 September 2019 and 30 September 2018 were as follows:

	2019 $	2018 $
Total borrowings (Note 11)	14,250,000	19,071,114
Total shareholder loans (Note 12)	5,975,918	13,221,758
Less: cash on hand and at bank (Note 8)	(729,722)	(1,237,828)
Net debt	19,496,196	31,055,044
Total equity	36,154,916	21,666,795
Total capital	55,651,112	52,721,839
Gearing ratio	35%	59%

c. *Fair value estimation*

Fair value is the amount for which as asset could be exchange, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. The standard requires disclosure of fair value measurement by level using the following fair value measurement hierarchy:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
(ii) Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Due to the short-term nature of trade and other receivables and trade and other payables, their carrying amounts are considered to be the same as their fair values. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

All of the Company's financial assets and liabilities are carried at amortised cost.

4 Property, plant and equipment

	Leasehold improvements $	Theatre equipment $	Motor vehicle $	Computers $	Concession equipment $	Furniture and fixtures $	Work in progress $	Total $
Year ended 30 September 2019								
Cost								
Balance at 1 October 2018	43,948,164	19,555,299	357,831	207,833	1,376,268	86,150	1,703,644	67,235,189
Additions	229,003	1,615,644	--	12,968	18,421	--	2,095,778	3,971,814
Disposals	--	--	(357,831)	--	--	--	--	(357,831)
Transfers	1,137,724	--	--	--	--	--	(1,137,724)	--
Balance at 30 September 2019	45,314,891	21,170,943	--	220,801	1,394,689	86,150	2,661,698	70,849,172
Accumulated depreciation								
Balance at 1 October 2018	7,506,205	6,379,681	322,754	135,824	766,789	53,601	--	15,164,854
Charge for the year	1,202,020	1,338,545	4,385	27,035	154,677	4,883	--	2,731,545
Disposals	--	--	(327,139)	--	--	--	--	(327,139)
Balance at 30 September 2019	8,708,225	7,718,226	--	162,859	921,466	58,484	--	17,569,260
Year ended 30 September 2018								
Cost								
Balance at 1 October 2017	27,583,269	14,836,612	357,831	176,783	1,154,186	86,150	13,659,379	57,854,210
Additions	--	--	--	--	--	--	9,380,979	9,380,979
Transfers	16,364,895	4,718,687	--	31,050	222,082	--	(21,336,714)	--
Balance at 30 September 2018	43,948,164	19,555,299	357,831	207,833	1,376,268	86,150	1,703,644	67,235,189
Accumulated depreciation								
Balance at 1 October 2017	5,667,629	5,408,723	311,061	115,375	637,657	47,857	--	12,188,302
Charge for the year	1,838,576	970,958	11,693	20,449	129,132	5,744	--	2,976,552
Balance at 30 September 2018	7,506,205	6,379,681	322,754	135,824	766,789	53,601	--	15,164,854

4 Property, plant and equipment (continued)

	Leasehold improvements $	Theatre equipment $	Motor vehicle $	Computers $	Concession equipment $	Furniture and fixtures $	Work in progress $	Total $
Net book amount								
Balance at 30 September 2019	36,606,666	13,452,717	--	57,942	473,223	27,666	2,661,698	53,279,912
Balance at 30 September 2018	36,441,959	13,175,618	35,077	72,009	609,479	32,549	1,703,644	52,070,335
Balance at 30 September 2017	21,915,640	9,427,889	46,770	61,408	516,529	38,293	13,659,379	45,665,908

Work-in-progress as at 30 September 2019 represents capital expenditure for construction activity associated with construction of a new movie auditorium in Gulf City Mall, San Fernando.

Interest on borrowings in the amount of $46,587 (2018: $1,137,724) was capitalised during the year.

See Note 11 for the assets pledged as security for borrowings.

5 Inventories

	2019 $	2018 $
Food and beverage	113,893	130,154
Lamp stock	50,000	50,000
Miscellaneous	15,586	203,055
	179,479	383,209

The cost of inventories recognised as an expense and included in cost of sales amounted to $2,133,523 (2018: $1,996,726).

6 Trade and other receivables

VAT recoverable	838,291	707,147
Trade receivables	812,532	508,224
Prepayments	618,584	255,432
	2,269,407	1,470,803

The Company adopted IFRS 9 without restating comparative information. There were no reclassifications and adjustments arising from the new impairment rules, therefore an adjusted opening statement of financial position was not required.

As at 30 September 2019, there were no impairment of other receivable balances (2018: NIL).

Within the last five years of operations there were no receivables written-off. Given the nature of operations, goods and services are paid immediately (see Revenue Recognition Accounting Policy Note). Other receivables balances are related to sponsorship agreements that have not been defaulted to-date., therefore the expected lifetime credit loss is deemed to be nil.

Details about the Company's classification and the calculation of the loss allowance are provided in Note 2 (j). Due to the short term nature of the current trade and other receivables, their carrying amount is considered to be the same as their fair value. Information about the impairment of trade and other receivables and the Company's exposure to credit risk, market risk and liquidity risk can be found in Note 3.

7 Related party transactions

(i) *Due from parent company*

Giant Screen Entertainment Holdings Limited	2,543,041	1,890,733

The above 'due from parent company' relates to transactions paid by the Company for satisfaction of parent company obligations. Such obligations include financing, legal and other professional service fees, foreign travel and general business expenses. These balances are considered to be past due but not impaired. The security for this loan is covered by a Guarantee and a Right of Set Off for a sum or sums not exceeding, $3,000,000.

(ii) *Key management personnel*

Key management personnel receive compensation in the form of short-term employee benefits and post-employment benefits.

Key management personnel received compensation of $965,000 (2018: $1,005,000) for the year.

8 Cash on hand and at bank

	2019 $	2018 $
Cash on hand and at bank – restricted cash	--	833,333
Cash on hand and at bank – unrestricted cash	729,722	404,495
	729,722	1,237,828

The restricted cash related to a Debt Service Account held at CIBC which equalled to one loan payment.

9 Share capital

Authorised capital
Unlimited ordinary shares of no par value

	2019 $	2018 $
Issued and fully paid capital		
6,406,295 (2018: 4,105,756) ordinary shares of no par value	32,579,503	19,026,432

Analysis of ordinary shares movement is as follows:

	2019		2018	
	No. of Shares	Amount $	No. of Shares	Amount $
Balance at start of year	4,105,756	19,026,432	2,443,356	19,116,263
Parent company share issue at IPO	805,050	--	--	--
Employee share issue at IPO	51,321	--	--	--
New share issue at IPO	1,444,168	14,441,680	--	--
New share issue	--	--	1,662,400	--
New share issue expense	--	(888,609)	--	(89,831)
Balance at end of year	6,406,295	32,579,503	4,105,756	19,026,432

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends at the Company's discretion and are entitled to one vote per share at meetings of the Company.

In the first quarter of fiscal 2019, the Company sold and issued 1,444,168 ordinary shares at a price of $10 per share in the inaugural IPO on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market. Consistent with the Company's IPO Prospectus and as a partial liquidity event, a total of 805,050 ordinary shares were issued during the IPO to the shareholders of the parent company and 51,321 ordinary shares to the Company's employees, respectively.

In fiscal 2018, as a pre-IPO restricting stock split to render the Company's shareholding in alignment with its approved Prospectus, 1,662,400, ordinary shares were issued to the parent company, Giant Screen Entertainment Holdings Limited, which was the 100% shareholder as at 30 September 2018.

10 Taxation

(i) *Composition of deferred tax asset and liability*

The analysis of deferred tax asset and (liability) is as follows:

	Accelerated tax depreciation $	Accumulated tax losses $	Total $
At 1 October 2018	(1,153,858)	461,551	(692,307)
Credited/(charged) to profit or loss	(157,102)	141,428	(15,674)
At 30 September 2019	(1,310,960)	602,979	(707,981)
At 1 October 2017	(2,052,219)	800,581	(1,251,638)
Credited/(charged) to profit or loss	898,361	(339,030)	559,331
At 30 September 2018	(1,153,858)	461,551	(692,307)

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 10% (2018: 10%).

	2019 $	2018 $
(ii) *Taxation*		
Deferred tax charge/(credit)	15,674	(559,331)
Business levy	110,963	92,287
Green fund levy	55,481	52,364
	182,118	(414,680)
(iii) *Reconciliation of effective tax rate*		
Profit for the year	1,117,168	974,236
Tax at the statutory tax rate – 10%	111,717	97,424
Changes in estimates related to prior years	--	235,570
Business levy	110,963	92,287
Green fund levy	55,481	52,364
Disallowed expense	1,115	--
Prior year adjustment	(97,158)	--
Effect of change in tax rates	--	(892,325)
	182,118	(414,680)

For the year ended 30 September 2019, the Company was not liable to corporation tax as a result of accumulated tax losses of $6,029,790 (2018: $4,615,510). The corporation tax expense is therefore based on business and green fund levy.

As a result of the Company being listed on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market in 2018, according with section 3(2) of the Corporation Tax Act provides for companies so listed to be assessed with a corporation tax rate of 10%. This will apply for the first 5 years of being listed on the stock exchange.

11 Borrowings

	2019 $	2018 $
FirstCaribbean International Bank (Trinidad and Tobago) Limited (CIBC)	14,250,000	16,625,000
KCL Capital Markets	--	1,206,998
Sunbeam Capital Investments	--	1,239,116
Total borrowings	14,250,000	19,071,114
Less current portion	(3,958,333)	(5,612,781)
Net long-term debt	10,291,667	13,458,333

(a) Loan from FirstCaribbean International Bank (Trinidad and Tobago) Limited (CIBC) of TT$19,000,000 was issued on 16 March 2017. The proceeds of which were used to finance the payment of construction costs of new theatre development at One Woodbrook Place. Interest is charged at 6.95% (2018: 6.95%) per annum and is repayable after the moratorium period on principal which ended on 30 September 2017. Thereafter, principal in the amount of $791,667 plus interest will be repayable in twenty-four quarterly payments. The security for this loan is noted below.

(i) A first priority debenture over the fixed and floating assets of the Company, stamped to cover $19,000,000;

(ii) A mortgage over the Company's leasehold premises located at One Woodbrook Place;

(iii) A deed of charge over all issued and outstanding ordinary shares of the Company;

(iv) A deed of assignment of the Trademark License and the Maintenance Agreement related to the purchase and maintenance of the local IMAX digital theatre system and the use of IMAX trademarks;

(v) A deed of charge over the Debt Service Reserve Account to be established in accordance with the loan agreement;

(vi) Personal indemnities and guarantees by the ordinary shareholders of the Company.

(vii) Deed of Assignment of the All Risk Insurance Policy(s) over the assets of the Company located at One Woodbrook Place.

Covenants:

(i) The Company is required under the CIBC terms of agreement to maintain a Debt Service Coverage Ratio of 1.25:1.

(ii) and a maximum Debt to Equity ratio of 2:1.

The Company was in compliance with CIBC's debt covenants as at 30 September 2019 and 30 September 2018.

(b) Loan from KCL Capital Market Brokers of TT$2,000,438 was issued on 31 March 2018 following conversion of KCL Capital Market Brokers' Class A Preference Shares to a short term note in a pre-IPO restructuring. Interest is charged at 8% (2018: 8%) per annum and was repaid at maturity on 31 March 2019.

(c) Loans from Sunbeam Capital Investments:

Loan 1: TT$900,000 was issued on 18 April 2018. The proceeds of which were used to finance the payment of construction costs of new theatre development on level 5 of One Woodbrook Place. Interest is charged at 10% (2018: 10%) per annum and was repaid at maturity on 18 October 2018.

Loan 2: TT$339,116 was issued on 31 July 2018. The proceeds of which were used to finance the payment of construction costs of new theatre development on level 5 of One Woodbrook Place. Interest is charged at 10% (2018: 10%) per annum and was repaid before maturity (31 January 2019) on 18 October 2018.

12 Shareholder loans

	2019 $	2018 $
Due to Giant Screen Entertainment Holdings Limited	--	5,417,049
Due to shareholder Brian Jahra	--	927,147
Due to EFREENET Limited	5,516,113	6,247,562
Due to Jahra Ventures Limited	459,805	630,000
	5,975,918	13,221,758
Less current portion	(146,352)	(146,352)
Net long-term debt	5,829,566	13,075,406

Amount due to EFREENET Limited in the amount of $5,516,113 is repayable in full at maturity on 31 December 2022. There is no interest on this loan.

The amount due to Jahra Ventures Limited in the amount of $459,805 is repayable in full, inclusive of interest of 4.9%, at maturity in 30 April 2023.

These shareholder loans do not carry any security.

Amounts due to Giant Screen Entertainment Holdings Limited and Brian Jahra were repaid during the financial year ended 30 September 2019.

13 Trade and other payables

Trade payables	571,660	1,098,578
Accruals	548,028	541,121
Interest payable	495,919	557,484
Statutory payable	57,939	42,548
Vat payable	25,913	27,684
	1,699,459	2,267,415

14 Deferred revenue

Sponsorship deferred revenue	100,000	100,000
Other deferred revenue	68,612	33,519
Total deferred revenue	168,612	133,519

The sponsorship deferred revenue relates to sponsorship income that is being amortised over the period of the respective sponsorship agreements and other deferred revenue refers to gift certificates not yet redeemed as tickets. Gift certificates are amortised to the statement of comprehensive income when redeemed.

15 Revenue

	2019 $	2018 $
Movie admissions	9,595,607	8,929,243
Food and beverage	6,334,494	6,469,342
Sponsorship, advertising and other	3,084,062	2,570,590
Gross revenue	19,014,163	17,969,175
Discounts	(668,073)	(599,630)
Net revenue	18,346,090	17,369,545

Discounts are related to complementary tickets and food and beverage.

16 Expenses by nature

	2019 $	2018 $
Cost of sales		
Movies	4,625,441	3,978,613
Food and beverage (Note 5)	2,133,523	1,996,726
Other	783,004	916,738
	7,541,968	6,892,077
Administrative expenses		
Depreciation (Note 4)	2,731,545	2,976,552
Employee benefit expense (Note 19)	1,947,794	2,386,079
Rent	1,188,883	910,777
Repairs and maintenance	504,897	838,396
Audit and professional fees	337,309	193,502
Communications costs	274,728	179,999
Cleaning	253,146	232,321
Insurance	50,966	86,847
Motor vehicle expense	46,359	60,595
Legal fees and licenses	40,458	11,440
Office expenses	28,515	28,849
Travel	27,000	--
Miscellaneous	23,329	139,811
Freight and brokerage	21,092	--
Operating supplies	15,670	7,713
Stationery	11,994	17,851
Meals and refreshments	861	--
Local conferences	--	3,015
Postage and courier	--	8,155
Storage fees	--	53,778
	7,504,546	8,135,680

17 Earnings per share

	2019 $	2018 $

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2019 $	2018 $
Profit attributable to equity holders of the Company	935,050	1,388,916
Weighted average number of ordinary shares in issue	6,084,658	4,105,756
Basic earnings per share	15¢	34¢

18 Net changes in borrowings

(i)

	Commercial Loan $	Short term Loan $	Shareholder Loans $	Total $
Balance at 1 October 2017	19,000,000	--	3,929,170	22,929,170
Proceeds	--	2,446,114	10,218,068	12,664,182
Repayments	(2,375,000)	--	(925,480)	(3,300,480)
Balance at 30 September 2018	16,625,000	2,446,114	13,221,758	32,292,872
Balance at 1 October 2018	16,625,000	2,446,114	13,221,758	32,292,872
Repayments	(2,375,000)	(2,446,114)	(7,245,840)	(12,066,954)
Balance at 30 September 2019	14,250,000	--	5,975,918	20,225,918

EFREENET Limited, the holder of the Class A convertible redeemable preference shares, converted its shares on 31 March 2018 to a shareholder loan of $3,764,659.

(ii) *Net debt reconciliation*

	2019 $	2018 $
Cash on hand and at bank (Note 8)	729,722	1,237,828
Borrowings - repayable within one year	(4,104,685)	(5,759,133)
Borrowings - repayable after one year	(16,121,233)	(26,533,739)
Net debt	(19,496,196)	(31,055,044)

19 Employee benefit expense

	2019	2018
Salaries	1,701,837	2,117,307
National insurance	245,957	268,772
	1,947,794	2,386,079

The number of persons employed with the Company at year end was 50 (2018: 57).

20 Contingencies and commitments

	2019 $	2018 $
(i) Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,597,051	910,777
Later than one year but not later than five years	6,559,005	3,643,107
Later than five years	44,310,331	32,119,616
	56,682,707	36,673,500

During the year $1,188,883 (2018: $910,777) was recognised as an expense in profit or loss in respect of operating leases.

(ii) Not included in the above commitments are contingent rental payments which are based on a percentage of the revenue earned as per the various lease agreements.

(iii) The Company currently has no material contingencies impacting the financial statements. (2018: NIL)

(iv) Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities in relation to the theatre expansion at Gulf City is $121,000.

21 Dividends

There were no dividends declared or paid by the Board of Directors of the Company during the financial year (2018: $Nil).

22 Subsequent events

In November 2019, in a significant subsequent event, the Company consummated its planned theatre expansion debt financing, when it finalised a Loan Agreement arranged by Guardian Company Trust Limited to provide a total of $40,000,000. The debt financing, which included refinancing of the Company's facility with CIBC, was largely earmarked for theatre expansion for the Company's second multiplex site at Gulf City Mall, San Fernando.

There were no additional events occurring after the reporting date and before the date of approval of the financial statements by the Board of Directors that require adjustment to or disclosure in these financial statements.