C2W Music Limited

Financial Statements
31 December 2017
(*Expressed in United States dollars)*

C2W Music Limited

Index
31 December 2017

BAKER TILLY
STRACHAN
LAFAYETTE

Chartered Accountants
14 Ruthven Road
Kingston 10
Jamaica

T: 876-906-1658-9
F: 876-920-3226

admin@bakertilly.com.jm
www.bakertilly.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
C2W Music Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of C2W Music Limited ('the company") set out on pages 1 to 40, which comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, changes in equity and cash flows for the year ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of matters described in the Basis for Qualified Opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence about the completeness of royalty income due to the inability of the external monitoring agencies to properly document the company's repertoire of works with their current information systems. Additionally, due to difficulties with the systems of performing rights societies in the region and the reporting by them to the company, we were unable to determine the completeness of sub-publishing revenues. Accordingly we were unable to determine whether any adjustments to the amounts recorded were necessary.

Further, the company derives a portion of its income from sponsorship which cannot be controlled until they are recorded in the accounting records and are, therefore, not susceptible to independent audit verification. Accordingly, we were unable to satisfy ourselves as to the completeness of the contributions recorded.

INDEPENDENT AUDITORS' REPORT

To the Members of
C2W Music Limited
Page 2

Report on the Audit of the Financial Statements (Continued)

Basis for Qualified Opinion (Continued)

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our Audit Approach

Audit Scope

As part of designing our audit, we determined materiality and assessed 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 and that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of internal controls, including among other matters for consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

BAKER TILLY STRACHAN LAFAYETTE

Report on the Audit of the Financial Statements (Continued)

Material Uncertainty relating to Going Concern

We draw attention to Note 20 in the financial statements which indicates that the company made a loss of US$303,645 this year, and has accumulated deficit of US$1,523,150 as at 31 December 2017. Further, as at December 31, 2017, the company's current liabilities exceeded its current assets by US$234,565. From inception the company has not achieved the level of revenues projected and required to sustain its operations.

The ability of the company to generate sustained profitable operations is sensitive to the successful implementation of the strategies and the key assumptions around revenue growth and continued cost reductions. Should these assumptions not materialise such that the company is unable to service its obligations when due, this will pose a going concern risk to the company.

The financial statements have been prepared on the going concern basis based on current plans and strategies being pursued by the company. Also, it has been established that the Performing Rights Societies of the Caribbean legally owes C2W Music publishing and sub-publishing, royalties for the years 2012, 2013, 2014, 2015, 2016 and 2017, and are working to rectify systems issues so such royalties could be identified and paid. In addition, the company has moved into a 360 all Rights revenue model which will increase revenues based on numerous other revenue streams other than music publishing revenue, which was previously the Company's primary source of revenue. The expectations are that the company will generate adequate cash flows and profitability to allow the company to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of
C2W Music Limited

Report on the Audit of the Financial Statements (Continued)

Material Uncertainty relating to Going Concern (Continued)

The going concern basis of preparation presumes that the company will be able to realise its assets and discharge its liabilities in the ordinary course of business. The conditions, discussed above along with other matters as set forth in Note 20, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Relating to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Advances to song writers - US$NIL (2016:US $269,942)

This represents advances to song writers to be recouped from earnings from songs in future periods. Based on the nature of the industry in which the company operates, the recovery of these advances is usually protracted but is estimated to be recoverable after five to seven years. The advances have therefore been discounted using commercial borrowing rates. Management has indicated that it is unlikely to recover these amounts after the period has been effected and have made a provision for the adjusted amount.

Based on our independent evaluation, we determined that managements' conclusion were not unreasonable.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To the Members of
C2W Music Limited
Page 5

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Publishing fees

Due to the difficulties in the systems of performing rights societies in the region and the reporting by them to the company, sub-publishing revenues over the years have been recorded by the company based on best estimates received from these performing rights societies. Where the final outcome is different from the amounts initially recorded, such differences will impact the fees and royalties and related trade payables amounts recorded. No amounts were recorded in the current or previous year for sub-publishing revenues. The performing societies have indicated that it is unlikely that the final outcome will be less than the estimates already provided in previous years.

Further, the sub-publishers are unable to provide details as to the allocation of sub-publishing revenues by publishers. Based on the sub-publishing contracts in place, management has in previous years estimated a 15% claim in respect of the estimates provided by these performing rights societies.

Based on our independent evaluation, we determined that managements' conclusion were not unreasonable.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

BAKER TILLY
STRACHAN
LAFAYETTE

Report on the Audit of the Financial Statements (Continued)

Other Information (Continued)

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of Management and the Board of Directors for Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

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

BAKER TILLY
STRACHAN
LAFAYETTE

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, 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 company's internal control.

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

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

BAKER TILLY
STRACHAN
LAFAYETTE

INDEPENDENT AUDITORS' REPORT (Cont'd)

To the Members of
C2W Music Limited
Page 8

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

We communicate with the Board of Directors 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.

Report on Additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examinations of those records, and the financial statements, which are in agreement therewith give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditors' report is Emile Lafayette.

Baker Tilly Strachan Lafayette

Chartered Accountants
Kingston, Jamaica
02 February 2018

C2W Music Limited

Statement of Financial Position
As at 31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

	Note	2017 $	2016 $
ASSETS			
Non-current assets			
Plant and equipment	5	372	1,373
Intangible asset	6	1	1
Advances to songwriters	7	-	269,942
		373	271,316
Current assets			
Receivables	8	1,500	-
Taxation recoverable		1,412	1,412
Cash at bank	9	8,192	42,728
		11,104	44,140
TOTAL ASSETS		11,477	315,456
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	10	1,286,619	1,286,619
Accumulated deficit		(1,523,150)	(1,219,505)
		(236,531)	67,114
Non-current liability			
Due to director	11	2,339	58,280
Current liabilities			
Payables	12	150,834	100,750
Loans payable	13	94,835	89,312
		245,669	190,062
TOTAL EQUITY AND LIABILITIES		11,477	315,456

Approved for issue by the board on 02 February 2018 and signed on its behalf by:

Ivan Berry ____________________Director

Ivan Berry

____________________Director

Derek Wilkie

C2W Music Limited

Statement of Comprehensive Income
Year Ended 31 December 2017
(expressed in United States Dollars unless otherwise indicated)

	Note	2017 $	2016 $
Fees and royalties	14	7,153	40,569
Other income	15	4,622	26,180
Total income		11,775	66,749
Operating and administrative expenses	16	(308,698)	(17,849)
Operating (loss)/profit	17	(296,923)	48,900
Finance costs, net	18	(6,722)	(6,327)
(Loss)/profit before taxation		(303,645)	42,573
Taxation	19	-	-
Net (loss)/profit for year being the total comprehensive (loss)/income		(303,645)	42,573
(Loss)/earnings per share	21	(0.00)¢	0.00¢

C2W Music Limited

Statement of Changes in Equity
Year Ended 31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

	Share Capital	Accumulated Deficit	Total
	$	$	$
Balance at 1 January 2016	1,286,619	(1,262,078)	24,541
Total comprehensive income for year	-	42,573	42,573
Balance at 31 December 2016	1,286,619	(1,219,505)	67,114
Total comprehensive loss for year	-	(303,645)	(303,645)
Balance at 31 December 2017	1,286,619	(1,523,150)	(236,531)

C2W Music Limited

Statement of Cash Flows
Year Ended 31 December 2017
(expressed in United States Dollars unless otherwise indicated)

	2017 $	2016 $
CASH RESOURCES WERE PROVIDED BY:		
Operating Activities		
(Loss)/profit before taxation	(303,645)	42,573
Adjustments for:		
Amortisation and depreciation	331	423
Amortised cost adjustment	(18,761)	(18,735)
Bad debt	288,703	-
Loss on disposal of plant and equipment	670	-
Unrealised foreign exchange losses	57	28
Interest expenses	5,523	5,600
Interest income	(2)	(1)
	(27,124)	48,623
Changes in operating assets and liabilities:		
Increase in receivables	(1,500)	-
Increase in payables	50,084	11,450
Cash provided by operating activities	21,460	60,073
Interest paid	(5,523)	(5,600)
Interest received	2	1
Net cash provided by operating activities	15,939	60,074
Financing Activities		
Director's repayment	(55,941)	(20,000)
Loans payable, net	5,523	5,600
Net cash used in financing activities	(50,418)	(14,400)
Net (decrease)/increase in cash and cash equivalents	(34,479)	21,339
Effects of changes in exchange rates on cash and cash equivalents	(57)	(28)
Cash and cash equivalents at beginning of year	42,728	21,417
CASH AND CASH EQUIVALENTS AT END OF YEAR	8,192	42,728
Represented by:		
Cash at bank	8,192	42,728

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

1. Identification and Principal Activities

C2W Music Limited is a limited liability company incorporated and domiciled in Jamaica. The company was listed on the Junior Stock Exchange effective April 26, 2012. The registered office of the company is located at 1 Ardenne Road, Kingston 10, Jamaica. The company commenced operations in November 2011.

The company was established for the purpose of obtaining intellectual property rights, namely licensing and publications rights to songs developed by songwriters in the Caribbean. The principal activities of the company involve developing the talents of songwriters in the Caribbean, acquiring licensing rights to their compositions and promoting the commercial use of the compositions.

These financial statements are presented in United States dollars.

2. Summary of significant accounting policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with, and comply with, the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Amendments to published standards effective in the current year that are relevant to the company's operations

Amendments to IAS 7 'Statement of Cash Flows' to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment became effective January 1, 2017.

Amendments to IAS 12 'Income taxes' – Recognition of Deferred Tax Assets to Unrealised Losses clarifies that entities should recognize timing differences on unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. It also addresses that estimates of future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. The amendment became effective January 1, 2017.

Cycle Annual improvements to IFRS, 2014-2016 cycles contain certain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 January 2017. The main amendments applicable to this year's Financial Statements is IFRS 12 which clarifies that the disclosure requirements in the standard, except for paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

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

IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 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 through 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 recognized.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

IFRS 15, 'Revenue from Contracts with Customers', (effective for annual periods beginning on or after 1 January 2018). It 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. The new standard applies to contracts with customers. However, 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 companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

Cycle Annual improvements to IFRS, 2014-2016 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 January 2017 that are not yet effective. IAS 28 Investments in Associates and Joint Ventures clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

2. Summary of significant accounting policies (continued)

(b) Foreign currency translation

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

(c) Plant and equipment

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

Signage	10 years
Computer equipment	3 years
Office equipment	10 years
Camera equipment	5 years

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

(d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (continued)

(e) Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The fair values of financial instruments are highlighted at Note 3.

(a) Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets classified as loans and receivables are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(a) Financial assets (continued)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period to its net carrying amount on initial recognition.

(i) Loans and receivables

These are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The company's portfolio of loans and receivable comprise amounts due from related parties, receivables, advance to songwriters, and cash and bank deposits.

(ii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:
- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(a) Financial assets (continued)

(ii) Impairment of financial assets (continued)

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(a) Financial assets (continued)

(iii) Derecognition of financial assets (continued)

If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(b) Financial liabilities and equity instruments issued by the company

Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement, and the definitions of a liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(b) Financial liabilities and equity instruments issued by the company (continued)

Other financial liabilities

Other financial liabilities, including loans payable, trade and other payables and amounts due from related parties, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(f) Cash and cash equivalents

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

(g) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

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

2. Summary of significant accounting policies (continued)

(h) Income taxes
Where applicable, taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

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

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

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

(i) Receivables
Receivables are stated at their nominal value as reduced (where applicable) by appropriate allowances. The company maintains an allowance for credit losses, which in management's opinion, is adequate to absorb all credit related losses in its portfolio.

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

(k) Provisions
Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(expressed in United States Dollars unless otherwise indicated)

2. Summary of significant accounting policies (continued)

(k) Provisions (continued)

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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services provided in the normal course of business, net of discounts.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.

Sponsorship income

Sponsorship income is not recognized until there is reasonable assurance that the income will be received. Sponsorship income is recognized in profit or loss on a systematic basis over the period in which the company recognizes as expenses the related costs for which the sponsorships are intended to compensate.

Sponsorship income that is receivable as compensation for expenses of losses incurred or for the purpose of giving immediate financial support to the company with no future related costs is recognized in the profit or loss in the period in which they become receivable.

2. Summary of significant accounting policies (continued)

(m) Borrowing costs

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

(n) Comparative Information

Where necessary comparative figures have been reclassified to conform with changes in presentation.

(o) Interest Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(p) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2. Summary of significant accounting policies (continued)

(q) Related Party Transactions

A party is related to the company, if:

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

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

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

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

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

(vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

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

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

(r) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and to assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the operations of the company are considered as one operating segment.

2. Summary of significant accounting policies (continued)

(s) Impairment

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible 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). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss.

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

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

2. Summary of significant accounting policies (continued)

(t) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The company has no non-financial assets measured or disclosed at fair value.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(expressed in United States Dollars unless otherwise indicated)

3. Financial instruments, financial risks and capital risks management

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2017	2016
	$	$
Financial Assets		
Loans and receivables (at amortised cost)		
Advances to songwriters	-	269,942
Receivables	1,500	-
Cash and bank deposits	8,192	42,728
	9,692	312,670
Financial Liabilities		
Other financial liabilities (at amortised cost)		
Director's loan	2,339	58,280
Loans payable	94,835	89,312
Trade payables	150,834	100,750
	248,008	248,342

Financial risk management policies and objectives

The financial risk management seeks to minimise potential adverse effects of financial performance of the company and covers specific areas, such as market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The activity of the company consists of obtaining intellectual property rights, namely licensing and publication rights to songs developed by Caribbean songwriters.

The financial liabilities of the company mainly consist of trade payables and advances from related parties for which payment is due on demand or within a period of thirty days.

Exposures are measured using sensitivity analyses indicated below.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(expressed in United States Dollars unless otherwise indicated)

3. Financial instruments, financial risks and capital risks management

Financial risk management policies and objectives (continued)

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Except in respect of foreign currencies, as disclosed in Note (3(a)(i)) below and interest rates, as disclosed in Note (3(a)(ii)) below, the company has no significant exposure to market risk.

(i) Foreign exchange risk management

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

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management consistently monitors the company's exposure in this regard.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities arising in the ordinary course of business at the reporting date are as follows:

	Liabilities		**Assets**		**Net Liabilities**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**	**$**	**$**
Jamaican dollars	62,610	17,293	72	245	62,538	17,048

<u>Foreign currency sensitivity</u>
The following tables detail the sensitivities to increases and decreases in the United States dollar against the relevant currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the percentage change in foreign currency rates described below.

If the United States dollar strengthens by 4% or weakens by 2% (2016: strengthens by 6% or weakens by 1%) against the relevant foreign currency, profit or loss will decrease or increase by:

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

3. Financial instruments, financial risks and capital risks management

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(i) Foreign exchange risk management (continued)

	Devaluation		Revaluation	
	Change in Currency Rates	**Effect on Profit or Loss**	**Change in Currency Rates**	**Effect on Profit or Loss**
	%	**$**	**%**	**$**
31 Dec 17				
Currency				
Jamaican Dollar	+4	2,502	-2	(1,251)
31 Dec 16				
Currency				
Jamaican Dollar	+6	1,023	-1	(170)

This is mainly attributable to the exposure outstanding on payables denominated Jamaican dollars, cash and bank deposits denominated in Jamaican dollars at the end of the reporting period of the company.

(ii) Interest rate risk management

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates as a result of cash flow or fair value interest rate risk. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow risk.

The company's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section at Note 3(c) below.

The company's exposure to interest rate risk is minimal and this arises only on cash and bank balances which are insignificant at the end of the reporting period. There are no variable rate financial liabilities at December 31, 2017 and December 31, 2016.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

3. Financial instruments, financial risks and capital risks management

Financial risk management policies and objectives (continued)

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Financial assets that potentially subject the company to concentration of credit risk consist principally of cash and bank deposits and advances to songwriters. The maximum exposure to credit risk is the amount of approximately US$298,395 (2016: US$312,670) disclosed under categories of financial instruments above and the company holds no collateral in this regard. The directors believe that the credit risks associated with these financial instruments are minimal.

The credit risk on cash and bank deposits is limited because the counterparties are reputable banks. In respect of the advances to songwriters, concentration of risk is spread over several songwriters. Management believes these amounts are recoverable based on the terms of the contracts in place with the songwriters.

(c) Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in meeting commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the nature of the underlying business, the management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

Liquidity and interest risk analyses in respect of non-derivative financial liabilities

Non-derivative financial liabilities

The following tables detail the company's remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

3. Financial instruments, financial risks and capital risks management

Financial risk management policies and objectives (continued)

(c) Liquidity risk management (continued)

	Weighted Average Effective Interest Rate	On Demand or Within 1 Year
	%	$
31 Dec 17		
Non-interest bearing	Nil	153,173
Interest bearing	8	94,835
		248,008
31 Dec 16		
Non-interest bearing	Nil	159,030
Interest bearing	8	89,312
		248,342

Non-derivative financial assets

The following table details the company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

	Weighted Average Effective Interest Rate	On Demand or Within 1 Year
	%	$
31 Dec 17		
Non-interest bearing	Nil	72
Interest bearing	0.05	-
		72
31 Dec 16		
Non-interest bearing	Nil	270,187
Interest bearing	0.05	-
		270,187

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

3. Financial instruments, financial risks and capital risks management

Financial risk management policies and objectives (continued)

(d) Fair value of financial assets and financial liabilities

The following methods and assumptions have been used:

i) The carrying amounts of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities are cash and bank deposits, trade and other receivables and amounts due (to) from related parties.

ii) The carrying amount of advances to song writers is assumed to approximate fair value as the effective interest rate applied is market determined.

iii) The fair value of fixed rate loans has been estimated by applying interest rates of similar loans at year end to the expected future cash flows.

	31 Dec 17		31 Dec 16	
	Carrying values $	Fair values $	Carrying values $	Fair values $
Fixed rate loans	94,835	94,835	89,312	89,312

<u>Fair value measurement recognised in the Statement of financial position</u>
There were no financial instruments included in the Statement of Financial Position that were measured subsequent to initial recognition at fair value.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

3. Financial instruments, financial risks and capital risks management

Financial risk management policies and objectives (continued)

(d) Fair value of financial assets and financial liabilities (continued)

The following
Quantitative disclosures fair value hierarchy

	Quoted prices in active market Level 1	Significant Observable Inputs Level 2	Significant unobservable inputs Level 3
	$	$	$
At 31 Dec 17			
Liabilities for which fair values are disclosed:			
Fixed rate loans payable	-	94,835	-
At 31 Dec 16			
Liabilities for which fair values are disclosed:			
Fixed rate loans payable	-	89,312	-

There were no assets for which fair values are disclosed.

(e) Capital risk management policies and objectives

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the company consists of cash and bank deposits and equity attributable to equity holders, comprising share capital and accumulated deficit.

The company's strategy remains unchanged from 2015.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying the company's accounting policies

The following are the critical judgements that management have made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Advances to song writers - $NIL (2016: US$269,942)

This represents advances to song writers to be recouped from earnings from songs in future periods. Based on the nature of the industry in which the company operates, the recovery of these advances is usually protracted but was estimated to be recoverable after five to seven years. The advances have therefore been discounted using commercial borrowing rates. Management believes these amounts are not recoverable after seven years, as estimated and has made a bad debt provision in the very likely event that these are not recovered at the end of the estimated recovery period.

Going concern

As indicated in Note 20, the directors have acknowledged that based on the strategies being pursued and implemented, the company will not generate adequate cash flows to continue in operational existence.

Key sources of estimation uncertainty

The following is the key assumption concerning the future and is the key source of estimation uncertainty at the end of the reporting period, that the directors and management believe has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Publishing fees

Due to the difficulties in the systems of performing rights societies in the region and the reporting by them to the company, sub-publishing revenues have been recorded by the company based on best estimates received from these performing rights societies. Where the final outcome is different from the amounts initially recorded, such differences will impact the fees and royalties and related trade payables amounts recorded. No amounts were recorded in the current or previous year for sub-publishing revenues. The performing societies have indicated that it is unlikely that the final outcome will be less than the estimates already provided in previous years.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Further, the sub-publishers are unable to provide details as to the allocation of sub-publishing revenues by publishers. Based on the sub-publishing contracts in place, management has estimated a 15% claim in respect of the estimates provided by these performing rights societies.

Impairment losses on advances to songwriters

The company reviews its advances to songwriters to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of income, the company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables resulting from adverse change in the payment status of the customer or national and economic conditions that correlate with defaults on receivables in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(expressed in United States Dollars unless otherwise indicated)

5. Plant and equipment

	Signage	Computer equipment	Office equipment	Camera equipment	Total
	$	$	$	$	$
At Cost -					
31 December 2015	1,237	14,782	744	1,122	17,885
31 December 2016	1,237	14,782	744	1,122	17,885
Disposals	(1,237)	-	-	-	(1,237)
31 December 2017	-	14,782	744	1,122	16,648
Accumulated Depreciation -					
1 January 2016	413	14,781	249	646	16,089
Charge for year	124	-	75	224	423
31 December 2016	537	14,781	324	870	16,512
Charge for the period	30	-	76	225	331
Relieved on disposals	(567)	-	-	-	(567)
31 December 2017	-	14,781	400	1,095	16,276
Net Book Value -					
31 December 2017	-	1	344	27	372
31 December 2016	700	1	420	252	1,373

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(expressed in United States Dollars unless otherwise indicated)

6. Intangible asset

	Camera software	Total
	$	$
At Cost-		
31 December 2015	17,940	17,940
31 December 2016	17,940	17,940
31 December 2017	17,940	17,940
Amortisation -		
1 January 2016	17,939	17,939
31 December 2016	17,939	17,939
31 December 2017	17,939	17,939
Net Book Value -		
31 December 2017	1	1
31 December 2016	1	1

Amortisation of the computer software is calculated based on an estimated useful life of 3 years.

7. Advances to songwriters

	2017	2016
	$	$
Advances to songwriters	343,811	343,811
Less: Amortised cost adjustment; (Note 7a)	(55,108)	(73,869)
Less: Provision for bad debt	(288,703)	-
	-	269,942

This represents advances to songwriters to be recouped from earnings from songs in future periods. No interest is charged to songwriters, however, a consequent adjustment of US$55,108 (2016: US$73,869) is to record the outstanding interest free balance at amortised cost based on management's expectation of period of recovery (after seven years) has been effected. Management has indicated that it is unlikely to recover these amounts after the period has been effected and have made a provision for the adjusted amount.

(expressed in United States Dollars unless otherwise indicated)

7. Advances to songwriters (continued)

(a) The movement in the amortised cost adjustment is as follows:

	2017	2016
	$	$
Opening balance	73,869	92,604
Effect of unwinding for the year	(18,761)	(18,735)
	55,108	73,869

8. Receivables

	2017	2016
	$	$
Royalties	1,500	-

The company provides fully for all receivables outstanding in excess of one year as management believes receivables that are past due beyond this period are generally not recoverable. In determining the recoverability of a receivable, the company considers any change in the credit quality of the receivables from the date credit was initially granted up to the reporting date.

9. Cash at bank

	2017	2016
	$	$
Cash at bank	8,192	42,728

Bank balance includes $8,120 (2016: $42,483) held in a savings account which attracts interest at a rate of 0.05% (2016: 0.05%) per annum. Also, included in this amount is $72 (J$8,900) (2016: $245 (J$31,233), being held in a current account.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

10. Share capital

	2017	2016
	No. of Shares ‘000	**No. of Shares ‘000**
Authorized capital:		
1,000,000,000 ordinary shares at beginning and end of year		
Issued and fully paid, no par value ordinary shares at the beginning and end of the year	400,000	400,000

	2017	2016
	$	**$**
Stated capital:		
Issued and fully paid, no par value shares at the beginning and end of the year	1,286,619	1,286,619

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(*expressed in United States Dollars unless otherwise indicated*)

11. Due to director

This amount represents unpaid salaries due to the director, Ivan Berry for the year ended December 31, 2012. Repayments of US$55,941 (2016: US$20,000) were made to the director during the year.

12. Payables

	2017	2016
	$	$
Trade payables	150,834	100,750

Payables principally comprise amounts outstanding for professional services and sub-publishing fees.

13. Loans payable

	2017	2016
	$	$
Alydar Investment Limited	54,275	51,152
Gerald Hadeed	40,560	38,160
	94,835	89,312

These amounts were disbursed on July 1, 2013 and evidenced by Promissory Notes. The loans were for a period of 1 year (repayable June 30, 2015 – the “repayment date”) at a rate of 8% per annum on the outstanding balances compounded quarterly. The lenders were not entitled to require repayment of the principal or interest before the repayment date, however the company at its option could have repaid the principal with interest accrued prorated up to the date of payment without penalty.

Provided the loans were still outstanding on the repayment date, the lenders had the option to convert the loans and the interest thereon into shares in the company at a price agreed between the parties not exceeding the price at which the company’s shares were being publicly traded on the Jamaica Stock Exchange as at the repayment date. The lenders were required to notify the company of their intention to exercise the option at least 14 days before the repayment date.

13. Loans payable (continued)

In respect of the loan with Alydar Investment Limited, the company was not notified by the lender of its intention to take up the equity option. The loan was not repaid and to date no notice of demand for repayment by the lender has been served on the company. The company is currently pursuing negotiations with the lender for the extension of the loan under the same terms and condition. However as at 31 December 2017, the negotiations were not yet finalised.

In respect of the loan with Gerald Hadeed, on the repayment date, the loan was not repaid and subsequent to year end the lender decided not to take up the equity option and agreed to extend the loans under the same terms and conditions.

At 31 December 2017, interest payable included in the above balance amount to $19,312 (31 December 2016: $13,789).

(expressed in United States Dollars unless otherwise indicated)

14. Revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

Fees and royalties

a) These comprise:

	2017	2016
	$	$
Performance royalties	7,153	35,569
Synchronization royalties	-	5,000
	7,153	40,569

b) The following are entity-wide disclosures:

(i) Revenue sources
This is detailed at Note 14(a) above

(ii) Geographical areas
Based on the nature of the company's operations and how its revenue is earned, there are no geographical segments.

(iii) Major revenue sources
Of the revenue earned for the period, 100% (2016: 88%) was attributable to the performance royalties earned, NIL (2016: NIL) attributable to sub-publishing fees and NIL (2016: 12%) attributable to synchronization royalties.

15. Other income

		2017	2016
		$	$
Sponsorship income	(a)	3,122	11,180
Management and consulting fee	(b)	1,500	15,000
		4,622	26,180

(a) This represents amounts funded for songwriters camps.

(b) This represents management and consulting fees charged.

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(expressed in United States Dollars unless otherwise indicated)

16. Expenses by nature

	2017	2016
	$	$
Accounting fee	5,740	4,819
Advertising and promotions	880	1,073
Amortised cost adjustment on advances	(18,761)	(18,735)
Annual general meeting and reports	1,552	500
Asset tax	1,508	1,308
Audit fee	7,573	7,573
Bad debt	288,703	-
Depreciation and amortisation	331	423
Development and song writing expenses (a)	5,321	13,275
Interest and penalty	2,996	-
Loss on disposal of property, plant and equipment	670	-
Office expenses	956	815
Professional fees	6,000	1,050
Registration fees	5,229	5,748
	308,698	17,849
Finance costs, net (Note 18)	6,722	6,327
	315,420	24,176

	2017	2016
	$	$
(a) Development and song writing expenses:		
Accommodation	-	5,565
Travel	5,321	7,710
	5,321	13,275

C2W Music Limited

Notes to the Financial Statements
31 December 2017
(expressed in United States Dollars unless otherwise indicated)

17. Operating (loss)/profit

In arriving at the operating (loss)/profit, the following have been charged: -

	2017	2016
	$	$
Auditors' remuneration	7,573	7,573
Depreciation and amortisation	331	423
Loss on disposal of plant and equipment	670	-
Directors' emoluments :-		
Fees	-	-
Management remuneration	-	-
Professional fees	6,000	1,050

18. Finance costs, net

	2017	2016
	$	$
Interest income	(2)	(1)
Interest expenses	5,523	5,600
Foreign exchange losses	57	28
Bank charges	1,144	700
	6,722	6,327

19. Taxation

Entities listed on the Junior Stock Exchange in Jamaica benefit from tax incentives of tax rates of 0% in years 1-5, and 50% of regular tax rates in years 6-10.

No income tax has been charged in the current year due to the tax loss incurred. Subject to agreement with the Commissioner, Taxpayer Audit and Assessment, the company has tax losses of approximately US$303,000 that can be carried forward indefinitely for offset against future taxable profits.

Deferred income taxes have not been provided for in these financial statements as their utilization is currently considered not to be sufficiently probable.

(expressed in United States Dollars unless otherwise indicated)

20. Operations

The company, which is still in a developmental phase, reported a loss for the year ended December 31, 2017 of US$303,645 (2016, a profit of US$42,573). It has incurred significant losses since inception and as at December 31, 2017 had accumulated deficit of US$1,523,150 (2016: US$1,219,505). Further as at December 31, 2017, the company had net current liabilities of US$234,565 (2016: US$145,922). The company has not to date been able to realise its projected revenues as it has sought to develop its catalogue of songs. The above factors indicate a material uncertainty that may cast doubt on the company's ability to continue as a going concern and that the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The company has embarked on the following strategies to achieve sustainability: exploitation of the company's catalogue that had been developed in the past three years to improve royalty income; pursuance of negotiations with global multi-national song publishing companies to carve out a part of the market share with respect to sub-publishing fees; continued reduction of expenses and the targeting of strategic investors. The ability of the company to generate sustained profitable operations is dependent on the successful implementation of the strategies being pursued by management. Based on the current plans and strategies being pursued and implemented, the directors and management believe that the company will generate adequate cash flows and profitability which would allow it to continue in operational existence for the foreseeable future. On this basis, the directors have maintained the going concern assumption in the preparation of these financial statements. This basis of preparation presumes that the Company will be able to realize its assets and discharge its liabilities in the ordinary course of business.

21. (Loss)/earnings per share

	2017	2016
(Loss)/earnings	($303,645)	$42,573
Number of ordinary shares	400,000,000	400,000,000
Basic (loss)/earnings per share (in U.S. cents)	0 cents	0 cents

22. Related Party Transactions

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

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

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

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

As at the statement of financial position date the following balance was outstanding:-

- Due to director: Ivan Berry $2,339; (2016 - $58,280).