DOLPHIN COVE LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2018

KPMG
Chartered Accountants
P.O. Box 220
Unit #14 Fairview Office Park
Alice Eldemire Drive
Montego Bay
Jamaica, W.I.
+1 (876) 684 9922
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dolphin Cove Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 8 to 61 which comprise the group's and company's statements of financial position as at December 31, 2018, the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at December 31, 2018, and of the group's and company's 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 Opinion

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (cont'd)

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.

Key audit matters	How the matters were addressed in our audit
1. Valuation of live assets - dolphins	
Live assets - Dolphins are measured at fair market value less amortization. The determination of fair value requires management to make certain assumptions relating to the estimated useful life and the market price of dolphins, which have a material bearing on the measurement (see note 11).	We challenged the estimated fair value of dolphins determined by management by: • Testing the reasonableness of the group's estimated fair value of dolphins by evaluating the key assumptions used in the valuation, such as the historical average purchase price of dolphins, the actual purchase price for similar dolphins in recent transactions, and considering the age of dolphins and remaining useful life; • Enquire about the purchase contract of dolphins acquired within the wider group during the year to verify actual transaction prices used in the valuation; • Evaluating the assumptions and underlying data used in determining the fair value, including identification of similar transactions and listings, and corroborating discussions with management within our understanding of the market environment; • Specific discussion with a qualified in-house veterinarian regarding the health of each dolphin in production and their remaining useful lives; and • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Key audit matters

2. *Valuation of trade and other receivables*

The group has significant overdue balances with hotels and tour operators. There is significant judgement involved in determining the levels of allowance for impairment on these balances, because of the uncertainty involved in estimating the timing and amount of future collections (see note 6).

How the matters were addressed in our audit

Our procedures in this area included:

- Testing the manual and automated controls over recording and ageing receivables. Our testing of automated controls involved using our own Information Technology Audit Specialists to test the design, implementation and operating effectiveness of automated controls;
- Using the appropriate KPMG specialist, we reviewed the expected credit loss (ECL) model calculations and agreed the data inputs;
- Comparing the group's definition of default for the ECL measurement, as outlined in the accounting policy against the definition that management uses for credit risk management;
- Evaluating the appropriateness of economic parameters including the use of forward looking information;
- Testing the accuracy of the ECL calculation;
- Testing subsequent receipts for selected customers identified as overdue;
- Evaluating the adequacy of the group's provisions against trade receivables by assessing management's assumptions used and reperforming the calculation; and
- Reviewing the adequacy of the group's disclosures about the degree of estimation involved in arriving at the provision.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (cont'd)

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.

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 those charged with governance.

Responsibilities of Management and Those Charged with Governance for the 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.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6-7, forms part of our auditors' report.

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 purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

KPMG

Chartered Accountants
Montego Bay, Jamaica

March 8, 2019

To the Members of
DOLPHIN COVE LIMITED

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISA, 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 group'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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
DOLPHIN COVE LIMITED

Appendix to the Independent Auditors' Report (cont'd)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' report unless law or regulation precludes public disclosure about the matters 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.

DOLPHIN COVE LIMITED

Group Statement of Financial Position
December 31, 2018
(Expressed in United States dollars)

	Notes	2018	2017
CURRENT ASSETS			
Cash and cash equivalents		857,090	850,676
Investments	5	2,127	2,127
Trade and other receivables	6	1,893,623	1,975,490
Taxation recoverable		211,835	28,896
Due from related companies	7(b)(ii)(a)	410,787	339,788
Due from parent company	7(b)(iii)	264,000	-
Inventories	8	355,098	376,059
		3,994,560	3,573,036
NON-CURRENT ASSETS			
Property, plant and equipment	10	22,679,522	20,931,448
Live assets	11	4,537,895	3,968,868
Due from related company	7(b)(ii)(b)	1,110,012	1,110,012
		28,327,429	26,010,328
TOTAL ASSETS		$32,321,989	29,583,364
CURRENT LIABILITIES			
Bank overdrafts	12	54,389	18,746
Accounts payable	13	2,040,798	1,576,306
Due to other related companies	7(b)(iv)	97,705	20,800
Current portion of long-term liabilities	15	231,984	404,505
Taxation payable		17,456	35,928
		2,442,332	2,056,285
NON-CURRENT LIABILITIES			
Deferred tax liability	14	1,041,601	856,916
Long-term liabilities	15	21,508	226,164
		1,063,109	1,083,080
STOCKHOLDERS' EQUITY			
Share capital	16	3,654,390	3,654,390
Capital reserves	17	12,456,412	10,560,310
Retained earnings		12,705,746	12,229,299
		28,816,548	26,443,999
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$32,321,989	29,583,364

The financial statements on pages 8 to 61 were approved by the Board of Directors on March 8, 2019 and signed on its behalf by:

Director

Stafford Burrowes

TBURKE
TAMU95
Director

Travis Burke

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss
Year ended December 31, 2018
(Expressed in United States dollars)

	Notes	2018	2017
OPERATING REVENUE			
Programmes revenue	18(a)	8,209,792	9,136,730
Ancillary service revenue	18(b)	6,677,582	7,496,406
Overall revenue		14,887,374	16,633,136
Less: Direct costs of sales	19(a)	(1,674,668)	(1,639,020)
Gross profit		13,212,706	14,994,116
(Loss)/gain on disposal of property, plant and equipment		(105)	440
Other income		253,914	99
		13,466,515	14,994,655
OPERATING EXPENSES	19(b)		
Selling		(3,923,894)	(4,571,456)
Other operations		(3,924,232)	(3,679,140)
Administrative		(2,599,167)	(2,678,228)
		(10,447,293)	(10,928,824)
Profit before finance income and costs		3,019,222	4,065,831
Finance income	20(a)	130,957	43,279
Finance costs	20(b)	(378,717)	(277,141)
Gain on disposal of investments		-	105,126
Profit before taxation		2,771,462	3,937,095
Income tax expense	21	(433,108)	(405,000)
Profit for the year		$ 2,338,354	3,532,095
Earnings per stock unit	22	0.60¢	0.90¢

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Group Statement of Other Comprehensive Income
Year ended December 31, 2018
(Expressed in United States dollars)

	Notes	2018	2017
Profit for the year		2,338,354	3,532,095
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of dolphins	11	880,000	-
Deferred tax on surplus on revaluation of dolphins		(220,000)	-
Surplus on revaluation of land and buildings		1,130,145	-
Deferred tax on revalued buildings		105,958	-
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale Investments		-	9,523
Realised gain on disposal of available-for-sale investments recognised in profit or loss		-	(105,126)
Total comprehensive income		$4,234,457	3,436,492

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Group Statement of Changes in Stockholders' Equity
Year ended December 31, 2018
(Expressed in United States dollars)

	Share capital (note 16)	Capital reserves (note 17)	Retained earnings	Total
Balances as at December 31, 2016	3,654,390	10,655,913	11,131,026	25,441,329
Total comprehensive income:				
Profit for the year	-	-	3,532,095	3,532,095
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	9,523	-	9,523
Realised gain on disposal of available-for-sale investments recognised in profit or loss	-	(105,126)	-	(105,126)
	-	(95,603)	3,532,095	3,436,492
Transactions with owners of the company:				
Dividends (note 23)	-	-	(2,433,822)	(2,433,822)
Balances as at December 31, 2017, as previously reported	3,654,390	10,560,310	12,229,299	26,443,999
Adjustment on initial application on IFRS 9, net of taxes [note 3(i)]	-	-	(79,405)	(79,405)
Restated balances as at January 1, 2018	3,564,390	10,560,310	12,149,894	26,364,594
Total comprehensive income:				
Profit for the year	-	-	2,338,354	2,338,354
Other comprehensive income:				
Surplus on revaluation of dolphins	-	880,000	-	880,000
Deferred tax on surplus on revaluation of dolphins	-	(220,000)	-	(220,000)
Revaluation surplus of land and buildings	-	1,130,144	-	1,130,144
Deferred tax on revalued buildings	-	105,958	-	105,958
Total comprehensive income	-	1,896,102	2,338,354	4,234,456
Transactions with owners of the company:				
Dividends (note 23)	-	-	(1,782,502)	(1,782,502)
Balances as at December 31, 2018	$3,654,390	12,456,412	12,705,746	28,816,548

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Group Statement of Cash Flows
Year ended December 31, 2018
(Expressed in United States dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,338,354	3,532,095
Adjustments for:			
Depreciation and amortisation	10,11	1,094,636	1,071,037
Loss/(gain) on disposal of property, plant and equipment		105	(440)
Gain on disposal of investments		-	(105,126)
Interest income	20(a)	(2,188)	(7,181)
Interest expense	20(b)	35,975	28,110
Impairment of trade receivables	6(b)	(64,392)	79,245
Taxation	21	433,108	405,000
		3,835,598	5,002,740
Changes in:			
Accounts receivable		66,854	(355,227)
Inventories		20,961	(32,356)
Accounts payable		464,492	325,908
Due to other related companies		76,905	(1,312)
Cash generated from operations		4,464,810	4,939,753
Interest paid		(35,975)	(118,066)
Income tax paid		(563,876)	(451,341)
Net cash provided by operating activities		3,864,959	4,370,346
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,188	7,181
Securities purchased under resale agreements, net			-
Additions to property, plant and equipment	10	(1,373,980)	(1,406,435)
Proceeds from disposal of property, plant and equipment		31	3,848
Additions to live assets	11	(27,749)	(410,160)
Due from related companies		(70,999)	200
Due from parent company		(264,000)	-
Proceeds from sale of investments		-	307,433
Net cash used by investing activities		(1,734,509)	(1,497,933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(404,939)	(716,905)
Proceeds from long term loan		27,762	-
Dividends paid		(1,782,502)	(2,433,822)
Net cash used by financing activities		(2,159,679)	(3,150,727)
Net decrease in cash resources		(29,229)	(278,314)
Cash resources at beginning of the year		831,930	1,110,244
CASH RESOURCES AT END OF YEAR		$ 802,701	831,930
Comprising:			
Cash and cash equivalents		857,090	850,676
Bank overdrafts		(54,389)	(18,746)
		$ 802,701	831,930

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Financial Position
December 31, 2018
(Expressed in United States dollars)

	Notes	2018	2017
CURRENT ASSETS			
Cash and cash equivalents		857,090	850,676
Investments	5	2,127	2,127
Trade and other receivables	6	1,893,163	1,975,030
Due from related companies	7(b)(ii)(a)	410,787	339,788
Due from parent company	7b(iii)	264,000	-
Taxation recoverable		182,939	-
Inventories	8	355,098	376,059
		3,965,204	3,543,680
NON-CURRENT ASSETS			
Investment in subsidiaries	9	314,539	314,539
Property, plant and equipment	10	9,919,922	9,039,128
Live assets	11	4,534,865	3,965,603
Due from subsidiaries	7(b)(i)	4,482,617	4,390,795
Due from related company	7(b)(ii)(b)	1,110,012	1,110,012
		20,361,955	18,820,077
TOTAL ASSETS		$24,327,159	22,363,757
CURRENT LIABILITIES			
Bank overdrafts	12	54,389	18,746
Accounts payable	13	2,025,720	1,574,542
Due to other related companies	7(b)(iv)	97,705	20,800
Due to subsidiaries	7(b)(v)	300	300
Current portion of long-term liabilities	15	231,984	404,505
Taxation payable		-	35,928
		2,410,098	2,054,821
NON-CURRENT LIABILITIES			
Deferred tax liability	14	1,041,601	856,916
Long-term liabilities	15	21,508	226,164
		1,063,109	1,083,080
STOCKHOLDERS' EQUITY			
Share capital	16	3,654,390	3,654,390
Capital reserves	17	4,883,776	3,902,835
Retained earnings		12,315,786	11,668,631
		20,853,952	19,225,856
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$24,327,159	22,363,757

The financial statements on pages 8 to 61 were approved by the Board of Directors on March 8, 2019 and signed on its behalf by:

Director
Stafford Burrowes

TBURKE
TAMU95
Director
Travis Burke

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Profit or Loss
Year ended December 31, 2018
(Expressed in United States dollars)

	Notes	2018	2017
OPERATING REVENUE			
Programmes revenue	18(a)	8,209,792	9,136,730
Ancillary services revenue	18(b)	6,677,582	7,496,406
Overall revenue		14,887,374	16,633,136
Less: Direct costs of sales	19(a)	(1,674,668)	(1,639,020)
Gross profit		13,212,706	14,994,116
(Loss)/gain on disposal of property, plant and equipment		(105)	440
Other income		253,914	99
		13,466,515	14,994,655
OPERATING EXPENSES	19(b)		
Administrative		(2,767,355)	(2,845,466)
Other operations		(3,847,288)	(3,593,558)
Selling		(3,923,894)	(4,571,456)
		(10,538,537)	(11,010,480)
Profit before finance income and costs		2,927,978	3,984,175
Finance income	20(a)	375,454	282,442
Finance costs	20(b)	(378,718)	(349,451)
Gain on disposal of investment		-	105,126
Profit before taxation		2,924,714	4,022,292
Taxation expense	21	(415,652)	(405,000)
Profit for the year		$ 2,509,062	3,617,292

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Other Comprehensive Income
Year ended December 31, 2018
(Expressed in United States dollars)

	Notes	2018	2017
Profit for the year		2,509,062	3,617,292
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of dolphins	11	880,000	-
Deferred tax on surplus on revaluation of dolphins		(220,000)	-
Revaluation surplus of land and buildings		214,983	-
Deferred tax on revalued buildings		105,958	-
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale investments		-	9,523
Realised gain on disposal of available-for-sale investments recognised in profit or loss		-	(105,126)
Total comprehensive income		$3,490,003	3,521,689

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Changes in Stockholders' Equity
Year ended December 31, 2018
(Expressed in United States dollars)

	Share capital (note 16)	Capital reserves (note 17)	Retained earnings	Total
Balances as at December 31, 2016	3,654,390	3,998,438	10,485,161	18,137,989
Total comprehensive income:				
Profit for the year	-	-	3,617,292	3,617,292
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	9,523	-	9,523
Realised gain on disposal of available-for-sale investments recognised in statement of profit or loss	-	(105,126)	-	(105,126)
Total comprehensive income	-	(95,603)	3,617,292	3,521,689
Transactions with owners of the company:				
Dividends (note 23)	-	-	(2,433,822)	(2,433,822)
Balances as at December 31, 2017, as previously reported	3,654,390	3,902,835	11,668,631	19,225,856
Adjustment on initial application on IFRS 9, net of taxes [note 3(i)]	-	-	(79,405)	(79,405)
Restated balances as at January 1, 2018	3,654,390	3,902,835	11,589,226	19,146,451
Total comprehensive income:				
Profit for the year	-	-	2,509,062	2,509,062
Other comprehensive income:				
Surplus on revaluation of dolphins	-	880,000	-	880,000
Deferred tax on surplus on revaluation of dolphins	-	(220,000)	-	(220,000)
Surplus on revaluation of land and buildings	-	214,983	-	214,983
Deferred tax on revalued buildings	-	105,958	-	105,958
Total comprehensive income	-	980,941	2,509,062	3,490,003
Transactions with owners of the company:				
Dividends (note 23)	-	-	(1,782,502)	(1,782,502)
Balances as at December 31, 2018	$3,654,390	4,883,776	12,315,786	20,853,952

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Cash Flows
Year ended December 31, 2018
(Expressed in United States dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,509,062	3,617,292
Adjustments for:			
Depreciation and amortisation	10,11	1,029,511	996,562
Loss/(gain) on disposal of property, plant and equipment		105	(440)
Gain on disposal of investment		-	(105,126)
Interest income	20(a)	(246,685)	(246,344)
Interest expense	20(b)	35,975	28,110
Impairment of trade receivables	6(b)	(64,392)	79,245
Taxation	21	415,652	405,000
		3,679,228	4,774,299
Change in:			
Accounts receivable		66,854	(355,179)
Inventories		20,961	(32,356)
Accounts payable		451,178	393,885
Due to other related companies		76,905	(1,312)
Cash generated from operations		4,295,126	4,779,337
Interest paid		(35,975)	(118,066)
Income tax paid		(563,876)	(423,115)
Net cash provided by operating activities		3,695,275	4,238,156
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		246,685	246,344
Additions to property, plant and equipment	10	(1,356,971)	(1,284,114)
Proceeds from disposal of property, plant and equipment		31	3,848
Additions to live assets	11	(27,749)	(410,160)
Due from subsidiaries		(91,822)	(229,294)
Proceeds from sale of investments		-	307,433
Due from related companies		(70,999)	200
Due from parent company		(264,000)	-
Net cash used by investing activities		(1,564,825)	(1,365,743)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(404,939)	(716,905)
Proceeds from long term loan		27,762	-
Dividends paid		(1,782,502)	(2,433,822)
Net cash used by financing activities		(2,159,679)	(3,150,727)
Net decrease in cash resources		(29,229)	(278,314)
Cash resources at beginning of the year		831,930	1,110,244
CASH RESOURCES AT END OF YEAR		$ 802,701	831,930
Comprising:			
Cash and cash equivalents		857,090	850,676
Bank overdrafts		(54,389)	(18,746)
		$ 802,701	831,930

The accompanying notes form an integral part of the financial statements.

1. Corporate structure and principal activities

(a) Dolphin Cove Limited (the company) is incorporated and domiciled in Jamaica and its registered office and principal place of business is located at Belmont Road, Ocho Rios, St. Ann, Jamaica, W.I.

The principal activities of the company are the operation of a tourist attraction comprising dolphin programmes and ancillary operations such as restaurants, gift and video shops at several locations.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 21, 2010.

(b) The company and its wholly-owned subsidiaries, as listed below, are collectively referred to as "the group".

(i) Dolphin Cove (Negril) Limited was incorporated in Jamaica, on May 11, 2010, and commenced operations in September 2010. Its principal place of business is located at Point, Lucea, Hanover, Jamaica W.I. where it offered dolphin programmes and ancillary operations similar to that of the company. However, effective January 1, 2014, the company assumed its operations. Dolphin Cove (Negril) Limited continues to own the real estate in Hanover which is now leased to the company.

(ii) Too Cool Limited is incorporated in the Cayman Islands and owns land and buildings from which the company operates.

(iii) Cheshire Hall Limited was incorporated on June 22, 2012 as a St. Lucian International Business Company (IBC), controlled by the company through a deed. Its wholly-owned subsidiary, DCTCI Limited was incorporated in the Turks and Caicos Islands and owns land on which the group intends to develop an attraction.

(iv) Balmoral Dolphins Limited is a St. Lucia IBC, incorporated on April 5, 2012. Its wholly-owned subsidiary, Dolphin Cove TCI Limited, was incorporated in the Turks & Caicos Islands for the intended purpose of operating the attraction to be developed by DCTCI Limited.

(v) SB Holdings Limited was incorporated on November 4, 2013, as a St. Lucia IBC. Its wholly-owned subsidiary, Marine Adventure Park Limited, was also incorporated in St. Lucia and purchased land in St. Lucia on which the group intends to develop an attraction.

(c) On November 18, 2015, World of Dolphins Inc. ("parent company"), incorporated in Barbados, acquired 229,610,218 shares in the company or 58.51% of its issued share capital, from a majority shareholder.

(d) World of Dolphins, Inc. is a subsidiary of Controladora Dolphin SA de C.V. (intermediate holding company), which is in turn a subsidiary of Dolphin Capital Company, S. de RL de C.V. (ultimate holding company), referred to as the "Dolphin Discovery Group" – the 'wider group'. Both companies are incorporated in Mexico.

1. Corporate structure and principal activities (cont'd)

(e) On December 18, 2015, the parent company made a follow-up offer, expiring on January 8, 2016, to purchase all the remaining shares of the company, with the intention of not increasing its shareholdings beyond 79.99%. The offer was accepted by 110 shareholders tendering 48,815,711 ordinary shares or 12.44% of the issued share capital of the company. In addition, one of the lockout shareholders sold a further 35,475,929 shares to the parent company, at the offer price of $0.1338 per share.

(f) Effective January 8, 2016, World of Dolphins Inc. holds 79.99% of shares issued by Dolphin Cove Limited.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act. This is the first set of the group's annual financial statements in which IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 3.

(b) New and amended standards and interpretations that are not yet effective:

Certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the group has not early adopted. The group has assessed them and determined that the following are relevant:

- Amendments to IFRS 9, *Financial Instruments,* effective retrospectively for annual reporting periods beginning on or after January 1, 2019, clarifies the treatment of:

  (i) Prepayment features with negative compensation:

  Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

  (ii) Modifications to financial liabilities:

  If the initial application of IFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to particular transitional reliefs.

  There is no change to the accounting for costs and fees when a liability has been modified (but not substantially) - these are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

  The group is assessing the impact that these amendments will have on its 2019 financial statements.

2. Statement of compliance and basis of preparation (cont'd)

(b) New and amended standards and interpretations that are not yet effective (cont'd):

- IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

  An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

  If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

  If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty.

  If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

  IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding:

  - judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - assumptions and other estimates used; and
  - potential impact of uncertainties that are not reflected in the financial statements.

  The group is assessing the impact that the interpretation will have on its 2019 financial statements.

- IFRS 16, *Leases,* which is effective for annual reporting periods beginning on or after January 1, 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. Entities 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.

2. Statement of compliance and basis of preparation (cont'd)

(b) New and amended standards and interpretations that are not yet effective (cont'd):

- IFRS 16*, Leases* (cont'd)

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  The group plans to apply IFRS 16 initially on January 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

  The group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 16 and IFRIC 4. The group is assessing the impact that this will have on its 2019 financial statements.

(c) Functional currency:

The financial statements are presented in United States dollars ($), which is the functional currency of the group.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

(i) Allowance for impairment losses on receivables:

The impairment allowances for trade and other receivables were established until December 31, 2017 based on estimates of incurred losses arising from the failure or inability of the group's customers to make payments. This allowance was based on the ageing of customer accounts, customer creditworthiness and the group's historical write-off experiences. Effective January 1, 2018, such allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable.

2. Statement of compliance and basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd):

(i) Allowance for impairment losses on receivables (cont'd):

Under this ECL model, the group segments its accounts receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 91 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from receivables, due to default or adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

(ii) Fair value of land and buildings:

Land and buildings are revalued annually to fair market value at each reporting date. These valuations are conducted periodically by independent professional valuators, using recent selling prices of comparable properties.

However, as no two properties are exactly alike, adjustments are made to reflect differences between properties. Consequently, the determination of fair market value of the property requires that the valuers analyse the differences in relation to age and physical condition, time of sale, land to building ratio, the advantages and disadvantages of the location and other functional gains to be derived from the property, and make necessary adjustments.

(iii) Fair value of dolphins:

All dolphins are carried at fair value. The fair values are determined based on the market price of dolphins of similar age and recent transactions relating to the purchase and sale of dolphins within the wider group.

For further information in respect of the determination of fair values and the assumptions made see also notes 6(b), 10(a) and 11.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions, could require a material adjustment to the carrying amount reflected in the financial statements.

2. Statement of compliance and basis of preparation (cont'd)

(e) Basis of consolidation:

The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2018. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(i) Subsidiaries:

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3. Changes in accounting policies

The group has initially adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018. Other new standards were also effective from January 1, 2018 but they do not have a material effect on the group's financial statements.

New and amended standards issued that became effective during the year:

The effect of initially applying these standards is mainly attributed to the following:

– an increase in impairment losses recognised on financial assets;
– additional disclosures related to IFRS 9 [see notes 4(t) and 6];
– additional disclosures related to IFRS 15 [see note 4(o)].

As permitted by the transition provisions of IFRS 9, comparative information throughout these financial statements has not been restated to reflect the requirements of the standard.

Except for the changes below, the group has consistently applied the accounting policies as set out in note 4 to all periods presented in these financial statements.

(Expressed in United States dollars, unless otherwise stated)

3. Changes in accounting policies (cont'd)

New and amended standards issued that became effective during the year (cont'd):

(i) IFRS 9, *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments*: *Recognition and Measurement*.

As a result of the adoption of IFRS 9, the group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require separate presentation in the statement of profit or loss and other comprehensive income of interest revenue calculated using the effective interest method.

Additionally, the group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures for 2018, but have not been applied to the comparative information.

The key changes to the group's accounting policies and the full impact resulting from its adoption of IFRS 9 are summarised below.

The impact of transition to IFRS 9 on the impairment allowance (note 6) with impact on opening retained earnings is as follows:

	Group	Company
Closing balance under IAS 39 (December 31, 2017)	607,052	544,728
Recognition of expected credit losses under IFRS 9:		
Trade receivables	79,405	79,405
Opening balance under IFRS 9 (January 1, 2018)	$686,457	624,133

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation of how the group classifies and measures financial instruments under IFRS 9, see note 4(t).

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2018
(Expressed in United States dollars, unless otherwise stated)

3. Changes in accounting policies (cont'd)

New and amended standards issued that became effective during the year (cont'd):

(i) IFRS 9, *Financial Instruments* (cont'd)

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets as at January 1, 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at January 1, 2018 relates solely to the new impairment requirements.

Group

	Original Classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount at December 31, 2017	Remeasurement	IFRS 9 carrying amount at January 1, 2018
Financial assets					
Due from related companies	Loans and receivables	Amortised cost	1,449,800	-	1,449,800
Trade and other receivables	Loans and receivables	Amortised cost	1,975,490	(79,405)	1,896,085
Cash and cash equivalents	Loans and receivables	Amortised cost	850,676	-	850,676
Fixed deposits	Held to maturity	Amortised cost	2,127	-	2,127
Total financial assets			$4,278,093	(79,405)	4,198,688

Company

	Original Classification	New classification under IFRS 9	IAS 39 carrying amount at December 31, 2017	Remeasurement	IFRS 9 carrying amount at January 1, 2018
Financial assets					
Due from related companies	Loans and receivables	Amortised cost	1,449,800	-	1,449,800
Due from subsidiaries	Loans and receivables	Amortised cost	4,390,795	-	4,390,795
Trade and other receivables	Loans and receivables	Amortised cost	1,975,030	(79,405)	1,895,625
Cash and cash equivalents	Loans and receivables	Amortised cost	850,676	-	850,676
Fixed deposits	Held to maturity	Amortised cost	2,127	-	2,127
Total financial assets			$8,668,428	(79,405)	8,589,023

(Expressed in United States dollars, unless otherwise stated)

3. Changes in accounting policies (cont'd)

New and amended standards issued that became effective during the year (cont'd):

(i) IFRS 9, *Financial Instruments* (cont'd)

Trade receivable that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of $79,405 in the allowance for impairment over these receivables was recognised in opening retained earnings at January 1, 2018, on transition to IFRS 9.

Impairment of financial assets

IFRS 9 replace the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Transition

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The group has determined that application to IFRS 9's impairment requirements at January 1, 2018, results in an additional allowance for impairment as follow:

	The Group and the Company
Loss allowance under IAS 39 at December 31, 2017	79,245
Additional impairment recognised at January 1, 2018:	
Trade receivables	79,405
Loss allowance under IFRS 9 at January 1, 2018	$158,650

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except that comparative periods generally have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at January 1, 2018. Accordingly, the information presented for 2017, does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

(ii) IFRS 15, *Revenue from Contracts with Customers*

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

3. Changes in accounting policies (cont'd)

New and amended standards issued that became effective during the year (cont'd):

(ii) IFRS 15, *Revenue from Contracts with Customers* (cont'd)

IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 was effective on January 1, 2018, and supersedes all existing guidance on revenue recognition.

The adoption of IFRS 15 did not impact the timing or amount of sales from contracts with customers and the related assets and liabilities recognised by the group based on the nature of services offered by the group. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

(iii) IFRIC 22, Foreign Currency Transactions and Advance Consideration, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability.

An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

The interpretation clarifies that the transaction date is the date on which the group initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The adoption of this interpretation did not result in any change to the amounts recognised, presented and disclosed in the financial statements.

4. Significant accounting policies

(a) Foreign currencies:

(i) Foreign currency transactions and balances:

Monetary assets and liabilities denominated in foreign currencies are translated to the United States dollar ($) at the rates of exchange at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Transactions in foreign currencies are converted to the functional currency at the rates of exchange ruling at the dates of those transactions. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

4. Significant accounting policies (cont'd)

(a) Foreign currencies (cont'd):

(i) Foreign currency transactions and balances (cont'd):

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised in other comprehensive income, except on impairment, in which case the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

(ii) Foreign operations:

The assets and liabilities of foreign operations are translated into the group's functional currency at exchange rates at the reporting date. The income and expenses for foreign operations are translated into the group's presentation currency at exchange rates at the date of those transactions. These foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Foreign exchange gains or losses arising on a monetary item receivable from or payable to a foreign operation are recognised in the consolidated financial statements in other comprehensive income and presented within equity in the foreign currency translation reserve. In the separate financial statements of the company, these foreign exchange gains or losses are recognised in profit or loss.

(b) Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and at bank including short-term deposits, where the original maturities of such deposits do not exceed three months.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management activities, are included as a component of net cash resources for the purpose of the statements of cash flows.

(c) Securities purchased under resale agreements:

Securities purchased under resale agreements are short-term transactions in which the group makes funds available to other parties and in turn receives securities which it agrees to resell on a specified date at a specified price. Resale agreements are accounted for as short-term collateralised lending.

4. Significant accounting policies (cont'd)

(d) Investments:

Fixed deposits that were previously classified as held-to-maturity are now classified at amoritised cost. The group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no increase in the allowance for impairment recognised in opening retaining earnings at January 1, 2018 on transition to IFRS 9.

(e) Accounts receivable:

Accounts receivable comprising trade and other receivables are measured at amortised cost, less impairment losses.

(f) Related parties:

A related party is a person or company that is related to the company that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

4. Significant accounting policies (cont'd)

(f) Related parties (cont'd):

(b) An entity is related to a reporting entity if any of the following conditions applies (cont'd):

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the management personnel of the reporting entity (or of a parent of the company).

(viii) The entity, or any member of a group of which it is a part, provides key management services to the reporting entity or the parent of the reporting entity.

(c) A related party transaction involves transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(g) Inventories:

Inventories are measured at the lower of cost, determined on the weighted average basis, and net realisable value.

(h) Property, plant and equipment:

(i) Recognition and measurement:

Land and buildings are measured at valuation, less subsequent depreciation. All other categories of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Any revaluation increase arising on the revaluation of land and buildings is credited to capital reserves through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in capital reserve relating to a previous revaluation of such assets.

4. Significant accounting policies (cont'd)

(h) Property, plant and equipment (cont'd):

(i) Recognition and measurement (cont'd):

On a sale or retirement of the revalued asset, the attributable revaluation surplus remaining in unrealised capital reserve is transferred directly to realised reserve.

Cost includes expenditures that are attributable to the acquisition of the asset. The cost of replacing part 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 benefit embodied within the part will flow to the group and its cost can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service. Borrowing costs, including but not limited to, interest on borrowings and exchange differences arising on such borrowings, that are directly attributable to the acquisition and/or construction of a qualifying asset are capitalised as part of the cost of that asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Thereafter, borrowing costs are recognised in profit or loss when they are incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the group.

(iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis computed at annual rates estimated to write down the assets to their estimated residual values over their estimated useful lives.

4. Significant accounting policies (cont'd)

(h) Property, plant and equipment (cont'd):

(iii) Depreciation (cont'd):

The estimated useful lives are as follows:

Buildings	40 years
Leasehold improvements	10 years
Furniture, fixtures and equipment	10 years
Computers	5 years
Motor vehicles	5 years
Dune buggies	3 years

No depreciation is charged on land and capital work-in-progress.

(i) Live assets:

This comprises the carrying value of dolphins and other marine life, as well as birds and animals capitalised. Dolphins are stated at valuation and are amortised over an estimated life span of thirty years. The remaining useful life of dolphins approaching an estimated useful life span of thirty years during production is reassessed and estimated by qualified professional based on health and other relevant factors. Other marine life, as well as birds and animals are stated at cost less amortisation over periods not exceeding fifteen years.

(j) Accounts payable:

Trade and other payables are measured at amortised cost.

(k) Provisions:

A provision is recognised when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(l) Interest bearing borrowings:

Interest bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

4. Significant accounting policies (cont'd)

(m) Share capital and dividends:

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

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(n) Impairment:

The carrying amounts of the group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication 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.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amounts:

The recoverable amount of the company's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

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.

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in the profit or loss.

4. Significant accounting policies (cont'd)

(n) Impairment (cont'd):

(ii) Reversals of impairment (cont'd):

In respect of other assets, an impairment loss is reversed if there has been a change in the estimate 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.

(o) Revenue recognition:

The effects of initially applying IFRS 15 on the group's revenue from contracts is described in note 3(ii).

Revenue recognition under IFRS 15 (applicable from January 1, 2018).

Revenue from services is measured at fair value of the consideration received or receivable, net of volume rebates and sales taxes.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of products and services	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15.*
Rendering of services	Customers obtain control of service when programme attraction service and ancillary service have been provided. Invoices for services are generated at that point in time. Invoices are usually payable within 30 days.	The group recognises revenue at a point in time as services are provided.

4. Significant accounting policies (cont'd)

(o) Revenue recognition (cont'd):

Revenue recognition under IFRS 15 (applicable from January 1, 2018) (cont'd).

Type of products and services	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15*
Sale of goods	Customers obtain control of goods when the good is transferred to the customer. Invoices for goods are generated at that point in time.	Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the group for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts granted to customers.

(i) Rendering of services *(policy applicable before January 1, 2018):*

Revenue from the provision of services is recognised when the service has been provided to customers.

(ii) Sale of goods *(policy applicable before January 1, 2018):*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) Finance income:

Finance income comprises interest earned on funds invested and foreign exchange gains recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(p) Employee benefits:

Employee benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation leave and non-monetary benefits such as medical care and housing. Short-term employee benefits are recognised as a liability, net of payments made, and charged as expenses. The expected cost of vacation leave that accumulates is recognised over the period that the employees become entitled to the leave.

4. Significant accounting policies (cont'd)

(q) Expenses:

(i) Expenses:

Expenses are recognised on the accrual basis.

(ii) Finance costs:

Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses and bank related charges.

(iii) Operating lease payments:

Payments under leases are recognised in profit or loss on the straight-line basis over the term of the lease.

(r) Income taxes:

(i) Current tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

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

(ii) Deferred tax:

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for taxable temporary differences, except to the extent that the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. Significant accounting policies (cont'd)

(s) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. Each operating segment's operating results are reviewed regularly by the group's Chief Operating Decision Maker ("CODM"), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The group has identified the Managing Director as its CODM.

During the year, a review of the operating segment was conducted. Based on the economic and operational similarities and the way the CODM monitors the operations, the group has concluded that its operating segments should be aggregated and that it has one operating segment.

(t) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, investments, accounts receivable and related party receivables. Similarly, financial liabilities include bank overdrafts, accounts payable, long-term liabilities and related party payables.

Classification and subsequent measurement

Financial assets – Policy applicable from January 1, 2018

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Fixed deposits
- Trade and other receivables
- Due from related companies
- Due from parent company
- Due from subsidiaries

4. Significant accounting policies (cont'd)

(t) Financial instruments (cont'd):

Classification and subsequent measurement (cont'd)

Financial assets – Policy applicable from January 1, 2018 (cont'd)

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Impairment of financial assets

Impairment losses of financial assets, including receivables, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The group's financial liabilities, which include payables and accruals, bank borrowings and loan obligations, due to other related companies which are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

4. Significant accounting policies (cont'd)

(t) Financial instruments (cont'd):

Classification and subsequent measurement (cont'd)

Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(u) 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.

When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, valuation techniques are used that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

(Expressed in United States dollars, unless otherwise stated)

4. Significant accounting policies (cont'd)

(u) Fair value measurement (cont'd):

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.

- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5. Investments

	The Group and the Company	
	2018	2017
Current:		
Amortised cost:		
Fixed deposits	$2,127	2,127

6. Trade and other receivables

	The Group		The Company	
	2018	2017	2018	2017
Trade receivables	2,070,389	2,308,843	2,008,017	2,246,471
Other receivables (a)	270,852	273,699	270,440	273,287
	2,341,241	2,582,542	2,278,457	2,519,758
Less: Allowance for impairment	(447,618)	(607,052)	(385,294)	(544,728)
	$1,893,623	1,975,490	1,893,163	1,975,030

(a) Other receivables include:

Amounts due from related parties aggregating $110,932 (2017: $92,254) for the group and the company.

(Expressed in United States dollars, unless otherwise stated)

6. Trade and other receivables (cont'd)

(b) Impairment allowance:

The average ECL rate used as at December 31, 2018 to apply against the accounts receivable balance less 90 days was 19.2% for the company and 21.6% for the group [Note 26 (a)]. Comparative amounts for 2017 represent the allowance for impairment losses under IAS 39.

Changes in impairment allowance

	Group		Company	
	2018	2017	2018	2017
Balance as at January 1	607,052	527,807	544,728	465,483
Transitional adjustment [Note 3]	79,405	-	79,405	-
Write-off	(174,447)	-	(174,447)	-
(Reduction)/increase in allowance	(64,392)	79,245	(64,392)	79,245
Balance as at December 31	$447,618	607,052	385,294	544,728

7. Related party balances and transactions

(a) Identity of related parties:

The company has related party relationships with its parent company, its holding companies, subsidiaries, fellow subsidiaries, its directors and key management personnel.

(b) The statement of financial position includes balances arising in the ordinary course of business with related parties as follows:

(i) Due from subsidiaries – non-current:

		The Company	
		2018	2017
Dolphin Cove (Negril) Limited:			
10% US$ loan	(a)	1,522,089	1,545,111
DCTCI Limited:			
3.5% US$ loan	(b)	1,943,316	1,872,199
Marine Adventure Park Limited			
3.5% US$ loan	(c)	1,010,312	968,185
Dolphin Cove TCI Limited	(d)	3,150	1,550
SB Holdings	(e)	1,750	1,750
Cheshire Hall Limited	(f)	1,000	1,000
Balmoral Dolphins Limited	(g)	1,000	1,000
		$4,482,617	4,390,795

(Expressed in United States dollars, unless otherwise stated)

7. Related party balances and transactions (cont'd)

(b) (Continued)

(i) Due from subsidiaries - non-current (cont'd):

(a) This loan bears interest at 10% per annum, is unsecured and has no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

(b) These balances materially comprise advances for the purchase of property and expenses incurred so far in respect of the proposed developments in St. Lucia and the Turks & Caicos Islands [note 10(c)]. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

(c) This balance comprises professional fees and other expenses in respect of the expansion of the experience at Marine Adventure Park Limited [note 10(c)]. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

(d) This balance comprises an advance for professional fees due from Dolphin Cove TCI Limited that is unsecured, interest free and repayable on demand.

(e) This balance comprises an advance for professional fees due from SB Holdings Ltd. that is unsecured, interest free and repayable on demand.

(f) This balance comprises an advance for professional fees due from Cheshire Hall Limited that is unsecured, interest free and repayable on demand.

(g) This balance comprises an advance for professional fees due from Balmoral Dolphins Limited that is unsecured, interest free and repayable on demand.

(ii) Due from related companies

		The Group and the Company	
		2018	2017
(a)	Current:		
	Dolphin Discovery Tortola BVI	34,347	34,347
	Dtraveller Limited	376,440	224,683
	Controladora Dolphin S.A. de C.V.	-	8,521
	Viajero Cibernetico S.A.	-	72,237
		$ 410,787	339,788
(b)	Non-current:		
	Dolphin Discovery Inc.	$1,110,012	1,110,012

This amount is the initial deposit in respect of the construction of a new dolphin encounter park, to be located in St. Lucia. This deposit represents forty percent (40%) of the estimated amount of the aggregate park cost. [See note 25(b)(i)].

(Expressed in United States dollars, unless otherwise stated)

7. Related party balances and transactions (cont'd)

(b) (Continued)

(iii) Due from parent company.

	The Group and the Company	
	2018	2017
World of Dolphins Inc.	$264,000	-

This represents shelter fees due from World of Dolphins Inc. in respect of dolphins brought from the British Virgin Islands, is unsecured, interest free and repayable on demand.

(iv) Amounts due to other related companies are interest free, unsecured and repayable on demand.

	The Group and the Company	
	2018	2017
Controladora Dolphin S.A. de C.V.	46,745	-
Dolphin Discovery Anguilla Limited	14,946	14,946
Dolphin Cove Cayman Limited	12,385	5,854
Viajero Cibernetico S.A.	23,629	-
	$97,705	20,800

(v) Amounts due to subsidiaries are interest free, unsecured and repayable on demand.

	The Company	
	2018	2017
Due from Balmoral Dolphins	100	100
Due from Cheshire Hall Limited	100	100
Due from SB Holdings Limited	100	100
	$300	300

(c) Profit or loss includes the following (income)/expense transactions with related parties in the ordinary course of business (not disclosed elsewhere).

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Management fees to intermediate holding company	294,826	390,788	294,826	390,788
Rental paid to a subsidiary	-	-	176,988	176,988
Interest earned from subsidiaries [note 7(b)(i)(a),(b),(c)]	-	-	(244,121)	(238,821)
Commissions paid to related companies	-	180,000	-	180,000

Other related party balances and transactions are disclosed in note (d) below, 6(a), 9 and note 25(a).

(Expressed in United States dollars, unless otherwise stated)

7. Related party balances and transactions (cont'd)

(d) Key management personnel compensation:

	The Group and the Company	
	2018	2017
	$	$
Directors' emoluments:		
Fees	60,626	20,216
Management	15,466	65,016
Key management personnel compensation*	223,902	172,164

*Key management personnel compensation is included in staff costs [note 19(c)].

Directors of the company and entities under their control hold approximately 82% (2017: 82%) of the voting stock units of the company [see note 1(c) and (e)].

8. Inventories

	The Group and the Company	
	2018	2017
Items for resale	271,489	337,545
Dolphin food	83,609	43,745
	355,098	381,290
Less: Allowance for impairment	-	(5,231)
	$355,098	376,059
Inventories charged to expenses during the year	$432,206	351,947

9. Investment in subsidiaries

This represents the cost of the company's 100% interest in the shares of its subsidiaries [note 1(b)].

	The Company	
	2018	2017
Too Cool Limited	314,239	314,239
Cheshire Hall Limited	100	100
Balmoral Dolphins Limited	100	100
SB Holdings Limited	100	100
	$314,539	314,539

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2018
(Expressed in United States dollars, unless otherwise stated)

10. Property, plant and equipment

	The Group					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles & dune buggies	Capital work-in-progress	Total
Cost or valuation:						
December 31, 2016	15,274,830	216,421	3,759,144	836,142	2,889,609	22,976,146
Additions	167,444	382,937	494,501	119,854	241,699	1,406,435
Disposal	-	-	-	(9,920)	-	(9,920)
December 31, 2017	15,442,274	599,358	4,253,645	946,076	3,131,308	24,372,661
Additions	-	265,669	657,685	246,307	204,319	1,373,980
Transfer	892,502	(541,310)	-	-	(351,192)	-
Revaluation	671,223	-	-	-	-	671,223
Disposal	-	-	(227)	-	-	(227)
December 31, 2018	17,005,999	323,717	4,911,103	1,192,383	2,984,435	26,417,637
Depreciation:						
December 31, 2016	336,740	32,689	1,892,131	421,953	-	2,683,513
Charge for the year	130,533	27,860	387,992	217,827	-	764,212
Eliminated on disposal	-	-	-	(6,512)	-	(6,512)
December 31, 2017	467,273	60,549	2,280,123	633,268	-	3,441,213
Charge for the year	134,849	67,625	424,651	128,789	-	755,914
Transfers	47,252	(47,252)	-	-	-	-
Revaluation	(458,921)	-	-	-	-	(458,921)
Eliminated on disposal	-	-	(91)	-	-	(91)
December 31, 2018	190,453	80,922	2,704,683	762,057	-	3,738,115
Net book values:						
December 31, 2018	$16,815,546	242,795	2,206,420	430,326	2,984,435	22,679,522
December 31, 2017	$14,975,001	538,809	1,973,522	312,808	3,131,308	20,931,448

	The Company					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles & dune buggies	Capital work-in-progress	Total
Cost or valuation:						
December 31, 2016	6,184,906	216,421	3,458,539	796,039	163,044	10,818,949
Additions	153,795	382,937	494,501	119,854	133,027	1,284,114
Disposal	-	-	-	(9,920)	-	(9,920)
December 31, 2017	6,338,701	599,358	3,953,040	905,973	296,071	12,093,143
Additions	-	265,669	657,685	246,307	187,310	1,356,971
Transfer	335,237	(335,237)	-	-	-	-
Revaluation	(243,938)	-	-	-	-	(243,938)
Disposal	-	-	(227)	-	-	(227)
December 31, 2018	6,430,000	529,790	4,610,498	1,152,280	483,381	13,205,949
Depreciation:						
December 31, 2016	222,469	32,689	1,729,169	386,118	-	2,370,445
Charge for the year	92,442	27,860	356,223	213,557	-	690,082
Eliminated on disposal	-	-	-	(6,512)	-	(6,512)
December 31, 2017	314,911	60,549	2,085,392	593,163	-	3,054,015
Charge for the year	96,758	67,625	403,228	123,413	-	691,024
Transfers	47,252	(47,252)	-	-	-	-
Revaluation	(458,921)	-	-	-	-	(458,921)
Eliminated on disposal	-	-	(91)	-	-	(91)
December 31, 2018	-	80,922	2,488,529	716,576	-	3,286,027
Net book values:						
December 31, 2018	$6,430,000	448,868	2,121,969	435,704	483,381	9,919,922
December 31, 2017	$6,023,790	538,809	1,867,648	312,810	296,071	9,039,128

(Expressed in United States dollars, unless otherwise stated)

10. Property, plant and equipment (cont'd)

(a) The group's land and buildings were revalued as at December 31, 2018 on an open market basis by Property Consultants Limited (an independent firm of registered real estate agents, appraisers, auctioneers and consultants) of Kingston, Jamaica.

This fair value was determined using level 3 fair value measurements as the valuation model used both observable and unobservable inputs and the unobservable inputs are considered significant to the fair value measurement [see also note 2(d)(ii)].

The surpluses arising on revaluation are recognised in other comprehensive income and included in capital reserves (note 17).

(b) Land and buildings include land at a valuation of $12,656,000 (2017: $11,289,041) for the group and $3,180,000 (2017: $2,541,185) for the company.

(c) Capital work-in-progress includes land, at a cost of $1,850,000 (2017: $1,850,000), and related expenditure incurred in connection with the planned development of an attraction in the Turks and Caicos Islands and St. Lucia [note 1(b)(iii) and (v)].

(d) As at December 31, 2018, properties with a carrying value of approximately J$1 billion (2017: J$1 billion) were subject to registered mortgages and debentures that form security for certain bank loans [see note 15(a)].

11. Live assets

	The Group		
	Dolphins costs	Other animals	Total
At cost/valuation:			
December 31, 2016	6,380,179	219,609	6,599,788
Additions	404,092	6,068	410,160
December 31, 2017	6,784,271	225,677	7,009,948
Additions	23,295	4,454	27,749
Fair value appreciation	880,000	-	880,000
December 31, 2018	7,687,566	230,131	7,917,697
Amortisation:			
December 31, 2016	2,597,211	137,044	2,734,255
Charge for the year	292,048	14,777	306,825
December 31, 2017	2,889,259	151,821	3,041,080
Charge for the year	323,740	14,982	338,722
December 31, 2018	3,212,999	166,803	3,379,802
Net book values:			
December 31, 2018	$4,474,567	63,328	4,537,895
December 31, 2017	$3,895,012	73,856	3,968,868

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2018
(Expressed in United States dollars, unless otherwise stated)

11. Live assets (cont'd)

	The Company		
	Dolphins costs	Other animals	Total
At cost/valuation:			
December 31, 2016	6,380,179	214,432	6,594,611
Additions	404,092	6,068	410,160
December 31, 2017	6,784,271	220,500	7,004,771
Additions	23,295	4,454	27,749
Fair value appreciation	880,000	-	880,000
December 31, 2018	7,687,566	224,954	7,912,520
Amortisation:			
December 31, 2016	2,597,211	135,477	2,732,688
Charge for the year	292,048	14,432	306,480
December 31, 2017	2,889,259	149,909	3,039,168
Charge for the year	323,652	14,835	338,487
December 31, 2018	3,212,911	164,744	3,377,655
Net book values:			
December 31, 2018	$4,474,655	60,210	4,534,865
December 31, 2017	$3,895,012	70,591	3,965,603

The group's Dolphins were revalued as at December 31, 2018, by management on the basis of the market price of dolphins of similar age and recent transactions relating to the purchase and sale of dolphins within the wider group. The surpluses arising on revaluation are recognised in other comprehensive income and included in capital reserves (note 17).

This fair value measurements for dolphins have been categorized as Level 2 fair values based on observable market data. The directors have determined that the market values of these dolphins as at the reporting date are not materially different from their carrying value.

During the year, management reviewed the estimated useful life of its Dolphins and determined an estimated useful life span of dolphins during production, to be thirty years.

12. Bank overdrafts

The group has a J$6.5 million overdraft facility, with The Bank of Nova Scotia Jamaica Limited at an interest rate of 17.75%, which is secured by a hypothecation of cash deposits. Bank overdraft, in the current and prior year, represent credit balances in the amount of $54,389 and $18,746 respectively, on the group's and company's bank accounts arising from items in transit at the reporting date.

The bank has also issued guarantees aggregating J$17.8 million (2017: J$15.2 million) on behalf of the company in favor of the Commissioner of Customs.

(Expressed in United States dollars, unless otherwise stated)

13. Accounts payable

	The Group 2018	The Group 2017	The Company 2018	The Company 2017
Trade payables	1,177,976	798,940	1,222,945	843,300
Statutory deductions payable	149,688	101,481	149,688	101,481
Accruals	488,284	354,937	428,237	308,813
Other payables	224,850	320,948	224,850	320,948
	$2,040,798	1,576,306	2,025,720	1,574,542

14. Deferred tax liability

Deferred tax is attributable to the following:

	The Group and the Company					
	Balance at December 31, 2016	Recognised in income (note 21)	Balance at December 31, 2017	Recognised in income (note 21)	Recognised in other comprehensive income	Balance at December 31, 2018
Accounts receivable	22	25,200	25,222	573	-	25,795
Property, plant and equipment	419,242	(108,537)	310,705	897	(105,958)	205,644
Live assets	535,258	(5,865)	529,393	71,864	220,000	821,257
Accounts payable	(17,606)	9,202	(8,404)	(2,691)	-	(11,095)
	$936,916	(80,000)	856,916	70,643	114,042	1,041,601

15. Long-term liabilities

		The Group and the Company 2018	2017
Long-term loans:			
Sagicor Bank Jamaica Limited loans:			
Loan A J$1,031,850 (2017: J$9,919,464)	(a)	8,079	80,250
Loan B J$27,910,396 (2017: J$68,036,065)	(b)	218,528	550,419
Loan C J$3,433,752 (2017: J$Nil)	(c)	26,885	-
		253,492	630,669
Less: Current portion		(231,984)	(404,505)
		$ 21,508	226,164

(a) This represents the balance on a Jamaica dollar J$50,000,000 loan financed by Development Bank of Jamaica Limited in 2013, which bears interest at a fixed rate of 9.5% per annum. The loan is for seventy-two (72) months with a moratorium of six (6) months on principal payments. Thereafter, the principal is repayable in sixty-six (66) equal monthly installments.

(Expressed in United States dollars, unless otherwise stated)

15. Long-term liabilities (cont'd)

(a) (Cont'd)

The loan is secured as follows:

- Corporate guarantee of Too Cool Limited supported by a first legal mortgage over the Ocho Rios property stamped to cover J$100 million; and
- Debenture over the fixed and floating assets of the company, stamped to cover J$100 million.

(b) This represents a J$ loan equivalent to $2,250,000 financed by Development Bank of Jamaica Limited, also in 2013. This loan is for seventy-two (72) months and bears interest at a fixed rate of 9.5% per annum. There is a moratorium on principal payments of six (6) months. Thereafter, principal is repayable in sixty-six (66) equal monthly installments.

The loan is secured as disclosed in note (a) above, except that the debenture over the fixed and floating assets of the company is to be upstamped by a further J$125 million.

(c) This represents a loan of J$3,495,000 financed by Sagicor Bank in December 2018. The loan is for a period of 60 months and bears interest at a rate of 7.5% per annum. The loan is repayable in equal monthly instalments of J$70,033 which comprises principal and interest. The loan is secured by a mortgage bill of sale over a certain motor vehicle purchased by the company.

16. Share capital

Authorised:
432,426,376 ordinary shares of no par value

	The Group and the Company	
	2018	2017
Stated capital, issued and fully paid:		
392,426,376 ordinary stock units of no par value	3,901,554	3,901,554
Less: Transaction costs of share issue	(247,164)	(247,164)
	$3,654,390	3,654,390

Holders of ordinary stock units are entitled to dividends as declared from time to time and are entitled to one vote per stock unit at general meetings of the company.

(Expressed in United States dollars, unless otherwise stated)

17. Capital reserves

	The Group		The Company	
	2018	2017	2018	2017
Revaluation surplus arising on (note 10):				
Land	9,647,532	8,280,573	2,793,543	2,154,728
Buildings	2,625,625	2,862,439	1,906,977	2,330,809
	12,273,157	11,143,012	4,700,520	4,485,537
Deferred tax arising on revalued buildings	(476,744)	(582,702)	(476,744)	(582,702)
Surplus on revaluation of dolphins (note 11)	880,000	-	880,000	-
Deferred tax on revaluation of dolphins	(220,000)	-	(220,000)	-
	$12,456,413	10,560,310	4,883,776	3,902,835

18. Operating revenue

This represents revenue from the operation of attractions and is reported net of discounts and General Consumption Tax.

(a) Programme attraction revenue represents programme fees from hotels, cruise ships and walk-in guests.

(b) Ancillary services revenue represents revenue from the operation of restaurants, gift shops, photo shops and other adventure tours.

19. Disclosure of expenses

(a) Direct cost of sales:

	The Group and the Company	
	2018	2017
Direct cost of programmes (i)	696,194	612,325
Direct cost of ancillary services (ii)	978,474	1,026,695
	$1,674,668	1,639,020

(i) Direct costs of dolphin programmes represent dolphin food, medication and veterinary services and other consumables.

(ii) Direct costs of ancillary services represent operating costs of restaurants, gift shops, photo shops and other adventure tours.

(Expressed in United States dollars, unless otherwise stated)

19. Disclosure of expenses (cont'd)

(b) Operating expenses:

	The Group 2018	The Group 2017	The Company 2018	The Company 2017
Repairs and maintenance	359,505	350,596	359,506	350,596
Staff costs	4,453,608	4,381,785	4,453,608	4,381,785
Advertising, marketing and promotion	757,694	955,125	757,694	955,125
Guest transportation and tour charge	1,731,379	2,023,117	1,611,003	2,023,117
Travel and entertainment	147,037	250,987	147,037	250,987
Legal and professional fees	169,524	100,338	178,667	96,888
Rental, utilities and office expenses	565,644	525,295	727,865	702,283
Insurance	136,178	101,372	124,960	90,264
Security	308,030	266,264	308,030	266,264
Management fees	294,826	390,788	294,826	390,788
Depreciation and amortisation	1,094,636	1,071,037	1,029,511	996,563
Auditors' remuneration	78,017	67,440	59,474	61,140
Cleaning and sanitation	106,785	78,332	106,785	78,332
Bad debt	(64,392)	79,245	(64,392)	79,245
Donation and subscription	14,278	27,117	14,277	27,117
Other	294,544	259,986	429,686	259,986
	$10,477,293	10,928,824	10,538,537	11,010,480

(c) Staff costs:

	The Group and the Company 2018	The Group and the Company 2017
Salaries and wages	3,119,128	3,088,486
Payroll taxes	374,479	367,049
Commission	482,470	478,601
Other benefits	477,531	447,649
	$4,453,608	4,381,785

20. Finance income/(costs)

	The Group 2018	The Group 2017	The Company 2018	The Company 2017
(a) Finance income:				
Net foreign exchange gains	128,769	36,098	128,769	36,098
Interest income	2,188	7,181	246,685	246,344
	$130,957	43,279	375,454	282,442

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2018
(Expressed in United States dollars, unless otherwise stated)

20. Finance income/(costs) (cont'd)

	The Group		The Company	
	2018	2017	2018	2017
(b) Finance costs:				
Interest expense	(35,975)	(28,110)	(35,975)	(28,110)
Bank charges	(118,085)	(120,260)	(118,085)	(120,260)
Credit card charges	(96,226)	(109,764)	(96,226)	(109,764)
Net foreign exchange losses	(128,431)	(19,007)	(128,431)	(91,317)
	$(378,717)	(277,141)	(378,717)	(349,451)

21. Taxation

	The Group		The Company	
	2018	2017	2018	2017
(a) Income tax charge:				
(i) Current tax at 25%	362,465	485,000	345,009	485,000
(ii) Deferred taxation:				
Origination of temporary differences (note 14)	70,643	(80,000)	70,643	(80,000)
	$433,108	405,000	415,652	405,000

(b) Reconciliation of actual tax:

	The Group		The Company	
	2018	2017	2018	2017
Profit before taxation	$2,771,462	3,937,095	2,924,714	4,022,292
Computed "expected" tax charge at the company's statutory rate of 25%	692,866	984,274	731,179	1,005,573
Tax effect of differences between treatment for financial statement and taxation purposes:				
Disallowed items and other adjustments, net	85,252	(94,257)	29,483	(115,556)
Tax remission [note (c)]	(345,010)	(485,017)	(345,010)	(485,017)
Actual tax credit recognised in profit for the year	$ 433,108	405,000	415,652	405,000

(Expressed in United States dollars, unless otherwise stated)

21. Taxation (cont'd)

(c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 21, 2010. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years	Tax rate
2011 to 2015	100% of standard rates
2016 to 2020	50% of standard rates

(d) Approval granted under Section 86 of the Income Tax Act for Dolphin Cove (Negril) Limited for relief of income tax arising from operations expired in August 2015.

(e) In 2014, the Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries. One such measure is the employment tax credit. Businesses that are tax compliant with respect to statutory contributions (both employer and employee portions) are now able to claim such statutory contributions paid as a credit against and up to 30% of their income tax liability. Unused employment tax credit (ETC) cannot be carried forward or refunded and some or all of the ETC claimed may be clawed back out of future distributions to shareholders.

These new tax measures have resulted in changes in the income tax and capital allowances computations only for Dolphin Cove (Negril) Limited . However, given the current tax position of the company, as disclosed in note (c) above, they will not materially affect the group's tax position until the end of the tax remission period.

(f) Chesire Hall Limited, SB Holdings Limited, Marine Adventure Park Limited and Balmoral Dolphins Limited have elected to pay income tax at 1% of profits earned in St. Lucia. However, the companies had not commenced operations as at the reporting date [note 1(b)].

(g) Dolphin Cove TCI Limited and DCTCI Limited are not required to pay income tax in the Turks & Caicos Islands.

(h) At December 31, 2018, unutilised tax losses available for set-off against future taxable profits, subject to agreement by the Commissioner General, Tax Administration Jamaica, amounted to approximately J$50 million (2017: J$59 million) for the group and J$Nil (2017: J$Nil) for the company. Tax losses may still be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of chargeable income for that year.

(i) A deferred tax asset of approximately J$9 million (2017: J$12 million) relating to available tax losses and timing differences has not been recognised at December 31, 2018, by a subsidiary as management considers that the financial and operational strategies initiated to utilise the benefits of the deferred tax asset are still to be initiated.

(Expressed in United States dollars, unless otherwise stated)

22. Earnings per stock unit

Earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year.

	2018	2017
Profit for the year attributable to stockholders of the company	$ 2,338,353	3,532,095
Weighted average number of ordinary stock units held during the year	$392,426,376	392,426,376
Earnings per stock unit (expressed in ¢ per share)	0.60¢	0.90¢

23. Dividends

	The Group and the Company			
	2018		2017	
	Dividend per ordinary stock unit	Dividends paid	Dividend per ordinary stock unit	Dividends paid
	J$	$	J$	$
First interim dividend: March 27, 2018 (2017: April 4, 2017)	20¢	617,806	20¢	609,987
Second interim dividend: June 19, 2018 (2017: May 30, 2017)	20¢	592,409	20¢	603,451
Third interim dividend: September 24, 2018 (2017: September 20, 2017)	20¢	572,287	20¢	598,314
Fourth interim dividend: Nil (2017: December 7, 2017)	-	-	20¢	622,070
	60¢	1,782,502	80¢	2,433,822

24. Segment information

The group maintains discrete financial information for each of its parks, which is used by the Chief Operating Decision Maker ("CODM"), identified as the group's Managing Director, as a basis for allocating resources. Each park has been identified as an operating segment and meets the criteria for aggregation under IFRS 8 due to similar economic characteristics and all of the parks provide similar products and services, share similar processes for delivering services and target the same type and class of customer.

Accordingly, based on these economic and operational similarities and the way the CODM monitors the operations, the group has concluded that its operating segments should be aggregated and that it has one operating segment.

Financial information related to the operating segment results for the year ending December 31, 2018, can be found in the Group income statement and related notes. There are no differences in the measurement of the reportable segment results and the group's results.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2018
(Expressed in United States dollars, unless otherwise stated)

24. Segment information (cont'd)

Details of the segment assets and liabilities for the year ended December 31, 2018 can be found in the group's statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the Group's assets and liabilities.

25. Commitments

(a) Operating lease commitments:

The company pays rent to Dolphin Cove (Negril) Limited [(note 1(b)(i)].

Future payments under these leases relative to the reporting date are as follows:

	The Group		The Company	
	2018	2017	2018	2017
Within one year	126,000	118,000	302,988	294,988
Between one and five years	700,812	653,999	1,585,752	1,361,951
Over five years	1,401,624	603,446	3,171,504	2,727,302
	2,228,436	1,375,445	5,060,244	4,384,241
Operating lease payments recognised in profit or loss	$ 128,218	106,626	305,206	283,706

(b) Capital commitments:

(i) At December 31, 2018, commitments for capital expenditure in respect of the construction of a new encounter park in St. Lucia, for which no provision has been made in these financial statements is $3,500,000 (2017: $3,500,000) [see note 7(ii)(b)].

(ii) At December 31, 2018, commitments for capital expenditure in respect of the construction of a new attraction park at Puerto Seco Beach is $167,690 (2017: $Nil).

26. Financial instruments

(a) Financial risk management:

The group has exposure to credit risk, market risk and liquidity risk from its use of financial instruments in the ordinary course of the business. Derivative financial instruments are not used to reduce exposure to fluctuations in interest and foreign exchange rates.

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each relevant financial asset.

26. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(i) Credit risk (cont'd):

Cash and cash equivalents, securities purchased under resale agreements and investments

The group limits its exposure to credit risk by:

- placing cash resources with substantial counterparties who are believed to have minimal risk of default;
- only investing in liquid securities with credit worthy institutions; and
- obtaining sufficient collateral as a means of mitigating the risk of financial loss from defaults.

Accounts receivable

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place under which each customer is analysed for credit worthiness prior to being offered credit. The group does not require collateral in respect of trade and other receivables. At the reporting date there were significant concentrations of credit risk in respect of 5 (2017: 14) major customers for the group and the company who materially comprise trade receivables. As at December 31, 2018, amounts receivable from these customers aggregated $1,314,604 (2017: $1,484,514) for the group and the company. These represent 65% (2017: 64%) of trade receivables for the group and 65% (2017 66%) for the company.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowances for doubtful debts are based on the aging of the receivables, with write-offs made if attempts to collect fail and the amount is deemed to be uncollectible.

Expected credit loss assessment as at January 1, 2018

The group uses an allowance matrix to measure ECLs of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

(Expressed in United States dollars, unless otherwise stated)

26. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(i) Credit risk (cont'd):

Expected credit loss assessment as at January 1, 2018 (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivable as at December 31, 2018.

		The Group		The Company		
Age buckets	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Gross carrying amount	Impairment loss allowance	Credit impaired
	%	$	$	$	$	
Current (not past due)	-	1,507,623	-	1,507,575	-	No
31-60 days	24.10	132,398	31,911	132,398	31,911	No
61-90 days	48.51	28,477	13,816	28,477	13,816	No
Over 90 days	100.00	401,891	401,891	339,567	339,567	Yes
		2,070,389	447,618	2,008,017	385,294	

Due from related parties

At the reporting date there were no significant concentrations in respect of amounts due from related parties.

There were no changes in the group's approach to managing credit risk during the year.

(ii) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the group's income or the value of its holdings of financial instruments.

- Interest rate risk:

  Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates.

  Subject to normal conditions, the group materially contracts financial liabilities at fixed interest rates for the duration of the term.

  Interest-bearing financial assets are primarily represented by cash and cash equivalents, securities purchased under resale agreements and investments. Interest-bearing financial liabilities are mainly represented by loans and bank overdrafts.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2018
(Expressed in United States dollars, unless otherwise stated)

26. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(ii) Market risk (cont'd):

- Interest rate risk (cont'd):

Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2018	2017	2018	2017
Fixed rate instruments:				
Financial assets	2,127	2,127	4,468,201	4,341,685
Financial liabilities	(253,492)	(630,669)	(253,492)	(630,669)
	$(251,365)	(628,542)	4,214,709	3,711,016
Variable rate instruments:				
Financial assets	765,920	886,368	765,920	886,368
Financial liabilities	(54,389)	(18,746)	(54,389)	(18,746)
	$711,531	867,622	711,531	867,622

Cash flow sensitivity analysis for variable rate instruments

An increase or decrease in basis points in interest rates at the reporting date would have increased/(decreased) profit for the year by amounts shown below.

	The Group and the Company			
	2018		2017	
	Increase 100bp	Decrease 100bp	Increase 100bp	Decrease 50bp
Effect on profit (decrease)/increase	$7,115	(7,115)	8,676	(8,676)

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial instrument at fair value. Therefore, a change in interest rates at the reporting date would not affect the profit or other comprehensive income recognised for the year.

- Foreign currency risk:

Foreign currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

(Expressed in United States dollars, unless otherwise stated)

26. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(ii) Market risk (cont'd):

- Foreign currency risk (cont'd):

The group incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the United States dollar ($). The principal foreign currency exposures of the group are denominated in Jamaica dollars (J$).

Exposure to foreign currency risk arising mainly in respect of J$ denominated balances was as follows:

	The Group		The Company	
	2018	2017	2018	2017
Cash and cash equivalents	2,527,983	312,733	2,527,983	312,733
Accounts receivable	16,694,204	21,332,903	16,694,204	21,332,903
Bank overdrafts	(7,070,508)	(2,380,705)	(7,070,508)	(2,380,705)
Accounts payable	(180,955,809)	(100,037,445)	(180,955,809)	(99,909,565)
Short term loans	(699,000)	-	(699,000)	-
Long term loans	(2,796,000)	(77,955,529)	(2,796,000)	(77,955,529)
	$(172,299,130)	(158,728,043)	(172,299,130)	(158,600,163)
Equivalent to	$(1,346,899)	(1,286,077)	(1,346,899)	(1,285,043)

Exchange rates in terms of the United States dollar ($) were as follows:

At December 31, 2018: J$127.72
At December 31, 2017: J$123.61

Sensitivity analysis

Changes in the exchange rates of the United States dollar ($) to the Jamaica dollar ($) would have the effects described below:

	Increase/(decrease) in profit for the year			
	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
4% (2017: 4%) strengthening of the $ against the J$	(53,876)	51,443	(53,876)	51,402
2% (2017: 2%) weakening of the $ against the J$	(26,938)	(25,722)	(26,938)	(25,701)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

(Expressed in United States dollars, unless otherwise stated)

26. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The management of the group aims at maintaining flexibility in funding by keeping lines of funding available.

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group can be required to pay:

	The Group 2018					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	54,389	54,389	54,389	-	-	-
Accounts payable	2,040,798	2,040,798	2,040,798	-	-	-
Due to other related companies	97,705	97,705	97,705	-	-	-
Long-term liabilities	253,492	263,149	179,452	56,995	6,676	20,026
Total financial liabilities	$2,446,384	2,456,041	2,372,344	56,995	6,676	20,026

	The Group 2017					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	18,746	18,746	18,746	-	-	-
Accounts payable	1,576,306	1,576,306	1,576,306	-	-	-
Due to other related companies	20,800	20,800	20,800	-	-	-
Long-term liabilities	630,669	681,085	227,892	218,710	234,483	-
Total financial liabilities	$2,246,521	2,296,937	1,843,744	218,710	234,483	-

	The Company 2018					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	54,389	54,389	54,389	-	-	-
Accounts payable	2,025,720	2,025,720	2,025,720	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Due to other related companies	97,705	97,705	97,705	-	-	-
Long-term liabilities	253,492	263,149	179,452	56,995	6,676	20,026
Total financial liabilities	$2,431,606	2,441,263	2,357,566	56,995	6,676	20,026

(Expressed in United States dollars, unless otherwise stated)

26. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Liquidity risk (cont'd):

	The Company					
	2017					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	18,746	18,746	18,746	-	-	-
Accounts payable	1,574,542	1,574,542	1,574,542	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Due to other related companies	20,800	20,800	20,800	-	-	-
Long-term liabilities	630,669	681,085	227,892	218,710	234,483	-
Total financial liabilities	$2,245,057	2,295,473	1,842,280	218,710	234,483	-

The group manages the adequacy of capital by managing the returns on equity and borrowed funds to protect against losses on its business activities so as to be able to generate an adequate level of return for its stockholders.

As a condition of its long term loans, the company is required to have positive stockholders' equity.

There are no other externally imposed capital requirements and there have been no changes in the group's approach to managing capital during the year.

(b) Fair values:

The following methods and assumptions have been used:

(i) The fair value of cash and cash equivalents, fixed deposits, accounts receivable and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature.

(ii) Amounts due from related parties are assumed to approximate their fair value due to their short-term nature and/or an ability to effect future set-offs in the amounts disclosed.

(iii) The carrying value of long-term loans approximate the fair values as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of market rates for similar loans.