SSL Venture Capital Jamaica Limited

(formerly C2W Music Limited)

Consolidated Financial Statements
31 December 2018

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Index
31 December 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of
SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We have audited the separate financial statements of SSL Venture Capital Jamaica Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 1 – 51, which comprise the separate and consolidated statement of financial position as at 31 December 2018, and the separate and consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. Accordingly, we do not express an opinion on the accompanying financial statements of the Group and the Company.

Basis for Disclaimer of Opinion

The information and explanation which we considered necessary to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement was limited due to the following:

Certain underlying records of the Group could not be located, accordingly, we have not been provided with adequate evidence to satisfy ourselves as to the existence, occurrence, completeness, rights and obligations, measurement, valuation and disclosures in respect of:

- Goodwill amounting to $107,510,291 which is included in the consolidated statement of financial position. We were not provided with sufficient appropriate information on the fair value of net assets of the subsidiaries at acquisition to test the accuracy of the goodwill computation.

- Revenues amounting to $115,751,963 which is included in the consolidated statement of comprehensive income and receivables arising from those selected transactions.

- Payables of $54,085,005 which could be related to the purchase of inventories, consumables, capital expenditure and/or operating expenses. We were not able to carry out procedures on these payables and corresponding impact such as expenses to satisfy ourselves by alternative procedures concerning the validity, adequacy and accuracy of these payables as 31 December 2018.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)
Page 2

Report on the Audit of the Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

- Inventories included in the statement of financial position amounting to $27,431,151. However, there were no physical inventories conducted at the end of the year, to determine whether inventories were valued at the lower of cost and/or net realisable value.

- There were no documentary evidence to support the treatment of capital reserves of $26,899,058 included in the consolidated statement of financial position.

- In relation to the receivables of $68,601,216, management has not done any impairment assessment and/or provision which is a departure from the requirements under IFRS 9.

As result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, property, plant and equipment, goodwill, payables, receivables, capital reserves and the related components included in the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

Material Uncertainty relating to Going Concern

We draw attention to Note 31 in the financial statements which indicates that the Group and the Company incurred losses of $47,609,711 (2017: 35,595,190) and $9,405,062 (2017: $35,595,190) for the year, and has accumulated deficit of $176,136,730 (2017: $142,722,000) and $152,127,062 (2017: $142,722,000) respectively as at December 31, 2018. Further, as at December 31, 2018, the Group's and Company's current liabilities exceeded its current assets by $49,621,080 (2017: $30,585,352) and $20,907,197 (2017: $30,585,352) respectively. From inception, the Company has not achieved the level of revenues required to sustain its operations.

The financial statements have been prepared on the going concern basis based on current plans and strategies being pursued by the company. The ability of the company to generate sustained profitable operations is sensitive to the successful implementation of the strategies and the key assumptions around revenue growth and continued cost reductions. Should these assumptions not materialise such that the company is unable to service its obligations when due, this will pose a going concern risk to the company.

…/3

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)
Page 3

Report on the Audit of the Financial Statements (Continued)

Material Uncertainty relating to Going Concern (continued)

The expectations are that the company will generate adequate cash flows and profitability to allow the company to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements.

The going concern basis of preparation presumes that the company will be able to realise its assets and discharge its liabilities in the ordinary course of business. The conditions, discussed above along with other matters as set forth in Note 31, indicate the existence of a material uncertainty that cast significant doubt about the company's ability to continue as a going concern.

Responsibilities of Management and the Board of Directors 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 Group's and and 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 Group and Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group's and Company's financial reporting process.

…/4

BAKER TILLY
STRACHAN
LAFAYETTE

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the group's and the company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report on the financial statements. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on additional matters as required by the Jamaican Companies Act

We have not been able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

We do not express an opinion as to whether proper accounting records have been kept in accordance with the Jamaican Companies Act, in the manner required.

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

Baker Tilly Strachan Lafayette

Chartered Accountants
Kingston, Jamaica
3 June 2019

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Consolidated Statement of Financial Position
As at 31 December 2018

	Note	2018	2017
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	5	19,436,265	48,506
Intangible assets	6	2,810,323	130
Due to related companies	8	266,025	-
Goodwill	9	107,510,291	-
Deferred income taxes	10	21,748,670	-
		151,771,574	48,636
Current assets			
Inventories	11	27,431,151	-
Short-term investments	12	2,248,750	-
Receivables	13	68,601,216	195,588
Taxation recoverable		2,111,245	184,113
Cash at bank and in hand	14	38,903,322	1,068,170
		139,295,684	1,447,871
TOTAL ASSETS		291,067,258	1,496,507
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	111,880,297	111,880,297
Capital reserves	16	26,899,058	-
Accumulated deficit		(176,136,730)	(142,722,000)
		(37,357,375)	(30,841,703)
Non-controlling interest	17	(4,872,679)	-
		(42,230,054)	(30,841,703)
Non-current liabilities			
Directors' loans	18	-	304,987
Due to related companies	8	144,380,548	-
		144,380,548	304,987
Current liabilities			
Payables	19	123,997,377	19,667,517
Directors' accounts	20	13,216,377	-
Loans payable	21	15,998,216	12,365,706
Bank overdraft	22	35,704,794	-
		188,916,764	32,033,223
TOTAL EQUITY AND LIABILITIES		291,067,258	1,496,507

Approved for issue by the Board of director on 3 June 2019 and signed on its behalf by:

Mark Croskery — Chairman

Gavin Valentine — Director

SSL Venture Capital Jamaica Limited

(formerly C2W Music Limited)

Consolidated Statement of Comprehensive Income
Year ended 31 December 2018

	Note	2018	2017
		$	$
Revenue	23	194,697,295	932,693
Cost of sales		(157,497,901)	-
Gross profit		37,199,394	932,693
Other operating income	24	28,510,328	602,671
Operating and administrative expenses	25	(125,321,728)	(40,251,688)
Operating loss	26	(59,612,006)	(38,716,324)
Finance costs, net	28	(1,793,455)	(876,494)
Loss before taxation		(61,405,461)	(39,592,818)
Taxation	29	13,795,750	-
Loss after taxation		(47,609,711)	(39,592,818)
Other comprehensive loss, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange gains due to translation		-	3,997,628
Total comprehensive loss		(47,609,711)	(35,595,190)
Net loss attributable to:			
Stockholders of the Company		(33,414,730)	-
Non-controlling interests		(14,194,981)	-
		(47,609,711)	-
Loss per stock unit	32	(0.08)	(0.09)

SSL Venture Capital Jamaica Limited

(formerly C2W Music Limited)

Consolidated Statement of Changes in Equity
Year ended 31 December 2018

		Equity Attributable to Stockholders of the Company				Non-controlling Interest	Total Equity
	Number of Shares	Share Capital	Capital Reserves	Accumulated Deficit	Total		
		$	$	$	$	$	$
Balance at 1 January 2017	111,880,297	111,880,297	-	(107,126,810)	4,753,487	-	4,753,487
Total comprehensive loss	-	-	-	(35,595,190)	(35,595,190)	-	(35,595,190)
Balance at 31 December 2017	111,880,297	111,880,297	-	(142,722,000)	(30,841,703)	-	(30,841,703)
Non-controlling interest arising on acquisition of subsidiaries	-	-	-	-	-	(17,576,755)	(17,576,755)
Capital grant received	-	-	26,899,058	-	26,899,058	26,899,057	53,798,115
Net loss	-	-	-	(33,414,730)	(33,414,730)	(14,194,981)	(47,609,711)
Balance at 31 December 2018	111,880,297	111,880,297	26,899,058	(176,136,730)	(37,357,375)	(4,872,679)	(42,230,054)

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Consolidated Statement of Cash Flows
Year ended 31 December 2018

	2018	2017
	$	$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Loss before taxation	(61,405,461)	(39,592,818)
Adjustments for:		
Amortisation and depreciation	336,264	38,993
Amortisation cost adjustment	-	(2,446,281)
Bad debt	-	37,644,504
Loss on disposal of plant and equipment	-	91,144
Unrealised foreign exchange losses	156,365	7,818
Interest expenses	1,607,578	720,154
Interest income	(6,963)	(261)
	(59,312,217	(3,536,747
Changes in operating assets and liabilities:		
Increase in receivables	(33,403,294)	(195,588)
Increase in payables	53,239,436	6,530,543
Decrease in directors' account	(5,695,979)	-
Increase in inventories	(9,143,717)	-
Cash (used in)/provided by operating activities	(54,315,771)	2,798,208
Taxes paid	(2,491,843)	-
Interest paid	(1,607,578)	(720,154)
Interest received	6,963	261
Net cash (used in)/provided by operating activities	(58,408,229)	2,078,315
Investing Activities		
Investments, net	(807,917)	-
Acquisition of subsidiary, net of cash acquired	(115,464,982)	-
Purchase of plant and equipment	(7,576,513)	-
Net cash used in investing activities	(123,849,412)	-
Financing Activities		
Directors' repayment	(4,691,110)	(7,294,248)
Grants received	53,798,116	-
Loans payable, net	1,317,010	720,154
Related companies, net	134,120,348	-
Net cash provided by/(used in) financing activities	184,544,364	(6,574,094)
Net increase/(decrease) in cash and cash equivalents	2,286,7	(4,495,779)
Effects of changes in exchange rates on cash and cash equivalents	(156,365)	(7,432)
Cash and cash equivalents at beginning of year	1,068,170	5,571,381
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,198,528	1,068,170
Represented by:		
Cash at bank	38,903,322	1,068,170
Bank overdraft	(35,704,794)	-
	3,198,528	1,068,170

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Company Statement of Financial Position
As at 31 December 2018

	Note	2018	2017
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	5	420,866	48,506
Intangible assets	6	130	130
Investments in subsidiaries	7	86,070,182	-
Due from related companies	8	1,447,417	-
Deferred income taxes	10	1,629,689	-
		89,568,284	48,636
Current assets			
Receivables	13	1,798,154	195,588
Taxation recoverable		2,151,668	184,113
Cash at bank and in hand	14	8,509,730	1,068,170
		12,459,552	1,447,871
TOTAL ASSETS		102,027,836	1,496,507
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	111,880,297	111,880,297
Accumulated deficit		(152,127,062)	(142,722,000)
		(40,246,765)	(30,841,703)
Non-current liabilities			
Directors' loans	18	-	304,987
Due to related companies	8	108,907,852	-
		108,907,852	304,987
Current liabilities			
Payables	19	20,841,783	19,667,517
Loans payable	21	12,524,966	12,365,706
		33,366,749	32,033,223
TOTAL EQUITY AND LIABILITIES		102,027,836	1,496,507

Approved for issue by the Board of director on 3 June 2019 and signed on its behalf by:

Mark Croskery Chairman

Gavin Valentine Director

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Company Statement of Comprehensive Income
Year ended 31 December 2018

	Note	2018	2017
		$	$
Revenue	23	8,442,955	932,693
Other operating income	24	7,033,958	602,671
Operating and administrative expenses	25	(26,001,211)	(40,251,688)
Operating loss	26	(10,524,298)	(38,716,324)
Finance costs, net	28	(510,453)	(876,494)
Loss before taxation		(11,034,751)	(39,592,818)
Taxation	29	1,629,689	-
Loss after taxation		(9,405,062)	(39,592,818)
Other comprehensive loss, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange gains due to translation		-	3,997,628
Total comprehensive loss		(9,405,062)	(35,595,190)

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Company Statement of Changes in Equity
Year ended 31 December 2018

	Share Capital	Accumulated Deficit	Total
	$	$	$
Balance at 01 January 2017	111,880,297	(107,126,810)	4,753,487
Loss for the year		(35,595,190)	(35,595,190)
Balance at 31 December 2017	111,880,297	(142,722,000)	(30,841,703)
Loss for the year		(9,405,062)	(9,405,062)
Balance at 31 December 2018	111,880,297	(152,127,062)	(40,246,765)

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Company Statement of Cash Flows
Year ended 31 December 2018

	2018	2017
	$	$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Loss before taxation	(11,034,751)	(39,592,818)
Adjustments for:		
Amortisation and depreciation	21,655	38,993
Amortisation cost adjustment	-	(2,446,281)
Bad debt	-	37,644,504
Loss on disposal of plant and equipment	-	91,144
Unrealised foreign exchange losses	112,509	7,818
Interest expenses	359,455	720,154
Interest income	(2,112)	(261)
	(10,543,244)	(3,536,747)
Changes in operating assets and liabilities:		
Increase in receivables	(1,602,566)	(195,588)
Increase in payables	1,174,266	6,530,543
Cash (used in)/provided by operating activities	(10,971,544)	2,798,208
Taxes paid	(1,967,555)	-
Interest paid	(359,455)	(720,154)
Interest received	2,112	261
Net cash (used in)/provided by operating activities	(13,296,442)	2,078,315
Investing Activities		
Acquisition of subsidiaries	(86,070,182)	-
Purchase of plant and equipment	(394,015)	-
Net cash used in investing activities	(86,464,197)	-
Financing Activities		
Directors' loans repayment	(304,987)	(7,294,248)
Related companies, net	107,460,435	-
Loans payable, net	159,260	720,154
Net cash provided by/(used in) financing activities	107,314,708	(6,574,094)
Net increase/(decrease) in cash and cash equivalents	7,554,069	(4,495,779)
Effects of changes in exchange rates on cash and cash equivalents	(112,509)	(7,432)
Cash and cash equivalents at beginning of year	1,068,170	5,571,381
CASH AND CASH EQUIVALENTS AT END OF YEAR	8,509,730	1,068,170
Represented by:		
Cash at bank	8,509,730	1,068,170

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

1. Identification and principal activities

The company was incorporated under the Companies Act of Jamaica on 24 November 2011. The registered office of the company is located at Unit 21, Seymour Park, 2 Seymour Avenue, Kingston 10.

On July 1, 2018, the shareholders of Stocks and Securities Limited entered into a rescue plan to acquire the majority shares in C2W Music Limited in an effort to rescue the company from financial failure. The rescue of C2W Music Limited was approved by the Jamaica Stock Exchange and the Financial Services Commission.

The business model of the company was changed to specializing in investing in equity of companies that show great potential through sale to private parties. The company's income thereafter, consists mainly of management fees earned from its affiliated companies.

Effective August 8, 2018, C2W Music Limited's name was legally changed to SSL Venture Capital Jamaica Limited ("SSL Ventures"). The Company is listed as a member of the Junior Market of the Jamaica Stock Exchange.

The company's subsidiaries, together with the company are referred to as "the group"; the subsidiaries are as follows:

Date of Acquisition	Subsidiaries	Principal Activities	Proportion of issued share capital held by company
July 2, 2018	Bar Central Limited	Distribution and provision of branding services	75%
August 7, 2018	Blue Dot Data Intelligence Limited	Marketing and commercial solutions	50%
July 20, 2018	Muse 360 Integrated Limited	Marketing and commercial solutions	51%

All of the company's subsidiaries are incorporated and domiciled in Jamaica.

The consolidated financial statements include the financial statements for the company and its subsidiaries. These financial statements are presented in Jamaican dollars, which is the functional currency.

2. Summary of significant accounting policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 4.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the group's operations

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2018 but are either not relevant or have not had a material effect on the company and so have not been discussed in detail in the notes to the financial statements:

Cycle Annual improvements to IFRS, 2014-2016 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 January 2018. IAS 28 Investments in Associates and Joint Ventures clarifies that the election to measure fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipt are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value of the consideration received or paid at a date other than the date of initial recognition of the nonmonetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the group's operations (continued)

New standards impacting the group that have been adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the groups's accounting policies are:

IFRS 15, 'Revenue from Contracts with Customers', replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC – 31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

The adoption of IFRS 15 Revenue from Contracts with Customers from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 15 the company has elected to use the cumulative effect method and as such, comparative figures have not been restated. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy. The reclassifications and the adjustments arising from the implementation of the standard are therefore recognised in the opening balance sheet on 1 January 2018. The company has also elected to apply the new standard only to those contracts that are not considered complete contracts at the date of initial application.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the group's operations (continued)

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipt are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value of the consideration received or paid at a date other than the date of initial recognition of the nonmonetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

The amendments did not result in any material effect on the group's financial statements.

IFRS 9, 'Financial instruments', replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 December 2017 but are recognised in the opening balance sheet on 1 January 2018.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the group has not early adopted. The group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

Amendments to IFRS 9 'Financial Instruments', 'Prepayment Features with Negative Compensation' (effective for annual periods beginning on or after 1 January 2019). Under the current IFRS 9 requirements, the solely for payments of principal and interest (SPPI) condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain). 'Prepayment Features with Negative Compensation' amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

IFRS 16 'Leases', specifies how an IFRS reporter will recognise, measure, present and disclose leases. IFRS 16 was issued January 2016 and becomes effective 1 January 2019. It replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed.

Adoption of IFRS 16 will result in the company recognising right -of-use assets and lease liabilities for all contracts that are, or contain, a lease. The only exceptions are short-term (less than 12 months) and low-value leases. For leases currently classified as operating leases, under current accounting requirements the group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The group will apply the standard from its mandatory adoption date of 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). Commitments relating to short-term leases and low value leases will recognised on a straight-line basis as expense in profit and loss.

At 31 December 2018 operating lease commitments amounted to $4.2 million (see note 24), which is not expected to materially different to the anticipated position on 31 December 2019. However further work still needs to be carried out to fully determine the right-of-use assets and lease liabilities being recognised on January 1, 2019 and the resulting impact on the company’s financial position and net profit after tax.

Instead of recognising an operating expense for its operating lease payments, the company will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets. Operating cash flows will increase, and financing cash flows decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

Amendments to IAS 19, 'Employee benefits' on 'plan amendment, curtailment or settlement' (effective for annual period beginning on or after 1 January 2019). These amendments require an entity to: use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Annual improvements to IFRS 2015 - 2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective for annual periods beginning on or after 1 January 2019). The amendments to IFRS 3 clarifies how a company remeasures its previously held interest in a joint operation when it obtains control of a business. The amendments to IAS 12 clarify that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises. The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the group.

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2018. A subsidiary is an entity controlled by the company. Control is achieved when the group is exposed, 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. Specifically, the group controls an investee, if and only if, the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policy in line with the group's accounting policy. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated in full on consolidation.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

2. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

(i) Owned assets:
Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the business and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

(ii) Depreciation
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see below). Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their period of expected useful lives. The annual depreciation rates are as follows:

Furniture and fixtures	10%
Motor vehicles	20%
Computer equipment	25%

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

Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

2. Summary of significant accounting policies (continued)

(e) Intangible assets

Items of intangible assets represents purchased computer software not integral to computer hardware, with finite useful lives that are acquired separately and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life of three years.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash-generating units).

(g) Inventories

Inventories are stated at the lower of cost and net realizable value, cost being determined on a first in first out basis. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

(h) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables impairment provisions, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

Under the simplified approach within IFRS 9, the impairment provision is assessed using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. Summary of significant accounting policies (continued)

(i) Cash at bank and in hand

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitment rather than for investment or other purposes.

(j) Share capital

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

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

(k) Interest bearing loans and borrowings

Borrowings are stated initially at cost, being the fair value of the consideration received, net of issue costs associated with the borrowings. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings.

(l) Payables

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

2. Summary of significant accounting policies (continued)

(m) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(n) Fair value of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial assets carried on the statement of financial position include cash and cash equivalents and receivables. Financial liabilities consist of payables, borrowings, directors' accounts and related group accounts.

Generally financial instruments are recognized on the statement of financial position when the group becomes a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each items.

The fair values of the financial instruments are discussed in Note 3(f).

(o) Related party transactions

Related parties:

A party is related to the group, if:

(i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the group (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the group that gives it significant influence over the group; or has joint control over the group;
(ii) the party is an associate of the group;
(iii) the party is a joint venture in which the group is a venturer;
(iv) the party is a member of the key management personnel of the group or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is the group that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the group, or of any group that is a related party of the group.

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

2. Summary of significant accounting policies (continued)

(p) Impairment

At each statement of financial position date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

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

(q) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable of goods and customer acceptance or performance of service. Revenue is shown net of General Consumption Tax, returns, rebates and discounts. Revenue is recognized as follows:

i) Sales of goods

Sales of goods are recognized upon the delivery of goods and acceptance or performance of services.

ii) Interest income

Interest income and expense are recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

2. Summary of significant accounting policies (continued)

(r) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognized as income tax expense or benefit in the statement of comprehensive income except, where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

(i) Current taxation

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

(ii) Deferred income taxes

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when the legal right of offset exists.

(s) Foreign currency translation

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

3. Financial Risk Management

The group’s activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group’s financial performance.

The group’s risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the group’s risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables from credit sales.

Risk management

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

Management determines concentrations of credit risk by monitoring the credit-worthiness rating of existing customers and through a monthly review of the trade receivables ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

3. Financial Risk Management (Continued)

(a) Credit risk (Continued)

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Security
The group does not hold any collateral as security.

Impairment of financial assets
The company has one type of financial assets that is subject to the expected credit loss model:

- trade receivables for sales of inventory and services

While cash and cash equivalents and investments are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process
The group's liquidity management process includes:
(i) Monitoring future cash flows and liquidity on a daily basis;
(ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
(iii) Maintaining a committed line of credit;
(iv) Optimising cash returns on investment.

Undiscounted cash flows of financial liabilities
The maturity profile of the group's financial liabilities at year end on contractual undiscounted payments was as follows:

The Group:

	1 to 3 months	3 to 12 months	1 to 5 Years	Total	Carrying amount
			2018		
	$	$	$	$	$
Due to related companies	-	-	144,380,548	144,380,548	144,380,548
Payables	123,997,377	-	-	123,997,377	123,997,377
Loans payable	-	3,473,250	12,524,966	15,998,216	15,998,216
Directors' loans	-	-	13,216,377	13,216,377	13,216,377
Bank overdraft	35,704,794	-	-	35,704,794	35,704,794
	159,702,171	3,473,250	170,121,891	333,297,312	333,297,312
			2017		
	$	$	$	$	$
Directors' loans	-	-	304,987	304,987	304,987
Payables	19,667,517	-	-	19,667,517	19,667,517
Loans payable	-	-	12,365,706	12,365,706	12,365,706
	19,667,517	-	12,670,693	32,338,210	32,338,210

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand and other assets.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

3. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

Undiscounted cash flows of financial liabilities (continued)
The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

The Company:

	1 to 3 months	3 to 12 months	1 to 5 Years	Total	Carrying amount
			2018		
	$	$	$	$	$
Payables	20,841,783	-	-	20,841,783	20,841,783
Loans payable	12,524,966	-	-	12,524,966	12,524,966
	33,366,749	-	-	33,366,749	33,366,749
			2017		
	$	$	$	$	$
Directors' loans	-	-	304,987	304,987	304,987
Payables	19,667,517	-	-	19,667,517	19,667,517
Loans payable	-	-	12,365,706	12,365,706	12,365,706
	19,667,517	-	12,670,693	32,338,210	32,338,210

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand and other assets

(c) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in interest rates (see 3 (e)) and foreign currency exchange rates (see 3 (c)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which it manages and measures the risk.

3. Financial Risk Management (Continued)

(d) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group is exposed to foreign exchange risk arising from currency exposure primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The group is primarily exposed to such risks arising from foreign currency translation in relation to Cash at bank and in hand, payables and short term loan.

The group and company statement of financial position at 31 December 2018 includes aggregate net foreign liabilities of approximately $18,526,761 (2017: Nil) and Nil (2017: Nil) in respect of transactions arising in the ordinary course of business.

The following tables indicate the currency to which the group had significant exposure on its monetary assets and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in the foreign exchange rate. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates as indicated in the table below. The sensitivity of the surplus was as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable; variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

The Group & the Company:

	2018	**2018**	**2017**	**2017**
	$	**$**	**$**	**$**
	Effect on Profit and loss and equity			
	Revaluation	Devaluation	Revaluation	Devaluation
	2%	4%	1%	6%
Currency:				
USD	370,535	(741,072)	-	-

3. Financial Risk Management (Continued)

(e) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the group to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group's interest rate risk mainly arises from cash and cash equivalents and long term loans. This risk is managed by analysing the economic environment and obtaining fixed rate loans when interest rates are expected to rise and floating rate loans when interest rates are expected to fall. It also manages the maturities of interest-bearing financial assets and interest-bearing financial liabilities. At 31 December 2018, the Group had no significant exposure to variable rate interest rate risk.

(f) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for Cash at bank and in hand, receivables, payables, short term loans and bank overdraft reflect their approximate fair values because of the short-term maturity of these instruments.

The fair values of directors' account and due to related companies could not be reasonably assessed as there are no set repayment terms.

4. Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination, involve the utilization of valuation techniques. These intangibles may be market related, consumer related, contract based or technology based. For significant amounts of intangibles arising from a business combination, the Company has utilized independent professional advisors to assist management in determining the recognition and measurement of these assets.

4. Critical accounting estimates and judgments in applying accounting policies

(v) Valuation of financial instruments
Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

5. Property, plant and equipment

The Group:

	Signage	Computer Equipment	Furniture & Fixtures	Office Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
Cost -						
1 January 2017	161,295	1,897,023	-	248,791	-	2,307,109
Disposals	(161,295)	-	-	-	-	(161,295)
31 December 2017	-	1,897,023	-	248,791	-	2,145,814
Acquisition of subsidiaries	-	3,019,815	366,197	-	8,761,499	12,147,511
Additions		2,717,580	84,167	394,015	4,380,750	7,576,512
31 December 2018	-	7,634,418	450,364	642,806	13,142,249	21,869,837
Depreciation -						
1 January 2017	70,151	1,897,022	-	161,293	-	2,128,466
Charge for the year	-	-	-	38,993	-	38,993
Relieved on disposal	(70,151)	-	-	-	-	(70,151)
31 December 2017	-	1,897,022	-	200,286	-	2,097,308
Charge for the year	-	259,098	55,511	21,655	-	336,264
31 December 2018	-	2,156,120	55,511	221,941	-	2,433,572
Net book value -						
31 December 2018	-	5,478,298	394,853	420,865	13,142,249	19,436,265
31 December 2017	-	1	-	48,505	-	48,506

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

5. Property, plant and equipment

The Company:

	Signage	Computer Equipment	Camera Equipment	Office Equipment	Total
	$	$	$	$	$
Cost -					
1 January 2017	161,295	1,897,023	144,041	104,750	2,307,109
Disposals	(161,295)	-	-	-	(161,295)
31 December 2017	-	1,897,023	144,041	104,750	2,145,814
Additions	-	-	-	394,015	394,015
31 December 2018	-	1,897,023	144,041	498,765	2,539,829
Depreciation -					
1 January 2017	70,151	1,897,022	114,827	46,466	2,128,466
Charge for the year	-	-	29,209	9,784	38,993
Relieved on disposal	(70,151)	-	-	-	(70,151)
31 December 2017	-	1,897,022	144,036	56,250	2,097,308
Charge for the year	-	-	-	21,655	21,655
31 December 2018	-	1,897,022	144,036	77,905	2,118,963
Net book value -					
31 December 2018	-	1	5	420,860	420,866
31 December 2017	-	1	5	48,500	48,506

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

6. Intangible assets

The Group

	2018	2017
	$	$
Cost -		
Balance at the beginning of the year	2,302,184	2,302,184
Acquisition of subsidiaries	2,810,193	-
Balance at end of year	5,112,377	2,302,184
Amortization -		
Balance at the beginning of the year	2,302,054	2,302,054
Charge for year	-	-
Balance at end of year	2,302,054	2,302,054
Net Book Value	2,810,323	130

The Company

	Computer Software	Total
	$	$
Cost -		
1 January 2017, 31 December 2017 & 31 December 2018	2,302,184	2,302,184
Amortization -		
1 January 2017, 31 December 2017 & 31 December 2018	2,302,054	2,302,054
Net Book Value -		
31 December 2018	130	130
31 December 2017	130	130

7. Investments in subsidiaries

The Company

		2018	2017
		$	$
Investments at cost:			
MUSE 360 Limited	(a)	26,368,577	-
Blue Dot Data Intelligence Limited	(b)	53,704,605	-
Bar Central Limited	(c)	5,997,000	-
		86,070,182	-

(a) Effective 20 July 2018 the company acquired 51% of the issued shares capital of Muse 360 Integrated Limited (MUSE). The principal activities of MUSE are marketing and commercial solutions. The acquisition is expected to increase revenues and profitability for the shareholders of the company. See Note #9 (Goodwill) for the identifiable assets acquired and liabilities assumed.

(b) Effective 7 August 2018 the company acquired 50% of the issued shares capital of Blue Dot Data Intelligence Limited (Blue Dot). The principal activities of Blue Dot are marketing and commercial solutions. The acquisition is expected to increase revenues and profitability for the shareholders of the company. See Note #9 (Goodwill) for the identifiable assets acquired and liabilities assumed.

(c) Effective 2 July 2018 the company acquired 75% of the issued shares capital of Bar Central Limited. The principal activities of Bar Central Limited are distribution and provision of branding services. The acquisition is expected to increase revenues and profitability for the shareholders of the company. See Note #9 (Goodwill) for the identifiable assets acquired and liabilities assumed.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

8. Due from/(to) related companies

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Due from:-				
Blue Dot Data Intelligence Limited	-	-	452,48	-
Select Private Services Limited	266,025	-		-
Treasure Island Music Inc	-	-	2,	-
Bar Central Limited	-	-	992,32	-
	266,025	-	1,447,417	-
Due to:-				
Stocks and Securities Limited	(128,357,661)	-	(108,907,852)	-
Dolla Financial Services Limited	(870,763)	-		-
The Lab	(324,484)	-		-
Shareholders' loan	(4,827,640)	-		-
Select Private Services Limited	(10,000,000)	-		-
	(144,380,548)	-	(108,907,852)	-
	(144,114,523)	-	(107,460,435)	-

These companies are related by common shareholders and directors. The balances are unsecured and have no fixed repayment terms.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

9. Goodwill

During the year, the Company acquired subsidiaries and voting shares as follows:

Date of Acquisition	Subsidiaries	Principal Activities	Proportion of issued share capital held by company
July 2, 2018	Bar Central Limited	Distribution and provision of branding services	75%
August 7, 2018	Blue Dot Data Intelligence Limited	Marketing and commercial solutions	50%
July 20, 2018	Muse 360 Integrated Limited	Marketing and commercial solutions	51%

The fair value of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were:

	Muse 360 Integrated Limited	Bar Central Limited	Blue Dot Data Intelligence Limited
	$	$	$
Non-current assets			
Investments	75,000	1,365,833	-
Plant and equipment	521,534	10,941,766	684,210
Intangible asset	-	-	2,810,193
Deferred income tax	2,091,979	4,125,055	1,735,886
	2,688,513	16,432,654	5,230,289
Current assets			
Inventories	-	18,287,434	-
Receivables	10,452,520	9,535,825	15,013,989
Taxation recoverable	-	12,030	255
Cash at bank and in hand	1,238,716	6,691,503	7,977,771
	11,691,236	34,526,792	22,992,015
Non-current liabilities			
Related parties	(499,364)	(7,384,688)	(2,110,122)
Directors' loans	-	-	(4,386,123)
	(499,364)	(7,384,688)	(6,496,245)
Current liabilities			+
Payables	(16,638,338)	(16,392,510)	(18,059,576)
Directors' accounts	(13,637,101)	(542,434)	(4,732,821)
Loans payable	-	(2,315,500)	-
Taxation payable	(60,000)	-	(516,996)
Bank overdraft	(2,084,167)	(31,309,453)	(11,909,170)
	(32,419,606)	(50,559,897)	(35,218,563)
	(18,539,221)	(6,985,139)	(13,492,504)

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

9. Goodwill (Continued)

	Muse 360 Integrated Limited	Bar Central Limited	Blue Dot Data Intelligence Limited	Total
	$	$	$	$
Goodwill at acquisition:				
Purchase consideration	26,368,577	5,997,000	53,704,605	86,070,182
Non-controlling interest	(9,084,218)	(1,746,285)	(6,746,252)	(17,576,755)
Less: Fair value of net liabilities acquired	(18,539,221)	(6,985,139)	(13,492,504)	(39,016,864)
	35,823,580	11,235,854	60,450,857	107,510,291

Cash flow on acquisition

	2018	2017
	$	$
Total consideration transferred	86,070,182	-
Less: cash overdraft, net transferred from subsidiary on acquisition	(29,394,800)	-
Acquisition of subsidiary, net of cash acquired	115,464,982	-

10. Deferred income taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using the applicable tax rate.

Deferred assets recognised on the statement of financial position are as follows:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Deferred income taxes	21,748,670	-	1,629,689	-

The movement on the net deferred income tax balance is as follows:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Net assets at beginning of year	-	-	-	-
Transferred on acquisition	7,952,920	-	-	-
Deferred tax credited to profit and loss (Note 29)	13,795,750	-	1,629,689	-
Net assets at end of year	21,748,670	-	1,629,689	-

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Deferred income tax assets:				
Property, plant and equipment	(441,117)	-	335,938	-
Unutilized tax losses	22,189,787	-	1,293,751	-
Unrealised foreign exchange losses	-	-	-	-
Net assets at end of year	21,748,670	-	1,629,689	-

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

10. Deferred income taxes (continued)

The amounts shown in the statement of financial position include the following:

	The Group		The Company	
	2018		2018	2017
	$		$	$
Deferred tax liabilities to be recovered:				
- after more than 12 months	21,748,670	-	1,629,689	-
- within 12 months	-	-	-	-
	21,748,670	-	1,629,689	-

11. Inventories

	The Group	
	2018	2017
	$	$
Liquor	14,809,857	-
Beverages	5,971,470	-
Other	6,649,824	-
	27,431,151	-

12. Short term investments

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Balance at beginning of year	-	-	-	-
Investment during the year	2,248,750	-	-	-
Balance at end of year	2,248,750	-	-	-

This investment represents amounts held at Sagicor Bank for a period of one year and attracts interest at rate of 2% per annum. The amount is used to secure letter of guarantee given to J. Wray & Nephew for the line of credit. Included in the balance is accrued interest of $48,750.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

13. Receivables

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Trade	66,028,920	195,588	1,327,750	195,588
Other	2,572,296	-	470,404	-
	68,601,216	195,588	1,798,154	195,588

14. Cash at bank and in hand

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Cash at bank	38,870,924	1,068,170	8,477,332	1,068,170
Cash in hand	32,398	-	32,398	
	38,903,322	1,068,170	8,509,730	1,068,170

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica.

15. Share capital

	2018	2017
	No. of shares	No. of shares
Authorised-		
Ordinary shares of no-par value	1,000,000,000	1,000,000,000

	2018	2017
	$	$
Issued and fully paid:		
400,000,000 Ordinary shares of no par value	111,880,297	111,880,297

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

16. Capital reserves

	The Group	
	2018	**2017**
The movements during the year were as follows:	**$**	**$**
Balance at beginning	-	-
Grant received during the year	26,899,058	-
Balance at end of the year	26,899,058	-

17. Non-controlling interest

	The Group	
	2018	**2017**
	$	**$**
Balance at beginning of year	-	
Grant received during the year	26,899,057	-
Share of loss for the year	(14,194,981)	-
Non-controlling interest arising on acquisition of subsidiaries	(17,576,755)	-
Balance at end of year	(4,872,679)	-

18. Directors' loans

This balance, which relates to amounts owed to the Directors, is unsecured, interest free and has no fixed repayment terms. The loan was repaid during the year.

19. Payables

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Trade payables	59,658,689	19,667,517	-	19,667,517
Accrued charges	2,301,352	-	985,916	-
Payroll liabilities	10,638,631	-	374,792	-
Loan share instrument	18,962,365	-	18,962,365	-
General consumption tax	26,207,811	-	-	-
Other	6,228,529	-	518,710	-
	123,997,377	19,667,517	20,841,783	19,667,517

20. Directors' accounts

The balance represents advances made to the company by the Directors. The amount is unsecured interest free and has no fixed repayment terms.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

21. Loans payable

		The Group		The Company	
		2018	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
Alydar Investment Limited	(a)	6,922,416	7,077,015	6,922,416	7,077,015
Gerald Hadeed	(a)	5,602,550	5,288,691	5,602,5	5,288,691
Motor vehicle loan	(b)	3,473,250	-		-
		15,998,216	12,365,706	12,524,96	12,365,706

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

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

In respect of the loan with Alydar Investment Limited, the company was not notified by the lender of its intention to take up the equity option. The loan was not repaid and to date no notice of demand for repayment by the lender has been served on the company. The company is currently pursuing negotiations with the lender for the extension of the loan under the same terms and condition. However as at 31 December 2018, the negotiations were not yet finalised.

In respect of the loan with Gerald Hadeed, the lender decided not to exercise the equity option and agreed to extend the loans under the same terms and conditions.

At 31 December 2018, interest payable included in the above balance amounted to $3,541,593 (31 December 2017: $2,517,935).

(b) This represents motor vehicle loans acquired. The amount is repayable within a year.

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

22. Bank overdraft

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Bank overdraft	35,704,794	-	-	-

Bank overdraft represents cheques drawn at year end, not yet presented to the bank.

23. Revenue

Revenue represents the price of goods sold or services rendered to customers and is stated net of discount and allowances and General Consumption Tax.

24. Other operating income

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Interest income	33,747	-	-	-
Miscellaneous income	28,476,581	602,671	7,033,958	602,671
	28,510,328	602,671	7,033,958	602,671

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

25. Expenses by nature

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Accounting fee	2,203,650	748,449	1,358,933	748,449
Advertising and promotions	5,274,163	114,745	1,762,621	114,745
Amortised cost adjustment on advances	-	(2,446,281)	-	(2,446,281)
Annual general meeting and reports	-	202,368	-	202,368
Asset tax	100,000	196,631	100,000	196,631
Audit fee	2,158,643	987,457	1,378,787	987,457
Bad debt	2,069,258	37,644,504	-	37,644,504
Company secretary	699,645	-	699,645	-
Depreciation and amortisation	336,264	38,993	21,655	38,993
Development and song writing expenses	-	693,815	-	693,815
Directors fees	2,245,414	-	-	-
Donations	268,750	-	-	-
Dues and subscriptions	2,358,590	-	932,000	-
Interest and penalty	4,332,078	390,654	-	390,654
Insurance	126,861	-	59,175	-
Legal and professional fees	8,765,027	782,351	3,278,970	782,351
Loss on disposal of property, plant and equipment	-	87,363	-	87,363
Management remuneration	1,167,469	-	-	-
Miscellaneous	1,390,987	-	1,390,987	-
Motor vehicle expense	2,667,049	-	146,376	-
Office expenses	5,162,978	128,820	1,451,046	128,820
Other expenses	40,739,284	-	-	-
Printing and reproduction	11,843	-	11,843	-
Salary and wages (Note 27)	29,663,963	-	9,169,027	-
Security cost	154,388	-	-	-
Rent	4,260,750	-	2,306,583	-
Registration fees	686,109	681,819	686,109	681,819
Repairs and maintenance	578,417	-	-	-
Travelling and entertainment	6,712,327	-	739,190	-
Training	174,750	-	174,750	-
Utilities	1,013,071	-	333,514	-
	125,321,728	40,251,688	26,001,211	40,251,688
Finance costs, net (Note 28)	1,793,455	876,494	510,453	876,494
Cost of sales recognised as inventories	157,497,901	-	-	-
	284,613,084	41,128,182	26,511,664	41,128,182

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

26. Operating loss

In arriving at the operating loss, the following have been charged: -

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Auditors' remuneration	2,158,643	987,457	1,378,787	987,457
Provision for bad debt	2,069,258	37,644,504	-	37,644,504
Depreciation and amortization	336,264	38,993	21,655	38,993
Directors' emoluments:				
Fee	2,245,414	-	-	-
Management remuneration	1,167,469	-	-	-
Staff costs (Note 27)	29,663,963	-	9,169,027	-

27. Staff costs

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Wages and salaries	27,275,597	-	8,432,709	-
Statutory contributions	2,380,366	-	728,318	-
Casual labour	8,000	-	8,000	-
	29,663,963	-	9,169,027	-

28. Finance costs, net

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Interest income	(6,963)	(2	(2,11	(2
Foreign exchange gain	(273,082)		(4,20	
	(280,045)	(2	(6,32	(2
Bank charges	349,205	149,168	40,60	149,168
Interest expense	1,607,578	720,154	359,455	720,154
Foreign exchange loss	116,717	7,4	116,717	7,4
	1,793,455	876,494	510,453	876,494

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

29. Taxation

Taxation is computed on the loss for the year adjusted for taxation purposes and comprises:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Income tax		-	-	-
Deferred income taxes (Note 10)	(13,795,750)	-	(1,629,689)	-
	(13,795,750)	-	(1,629,689)	-

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

No income tax has been charged in the current year due to the tax loss incurred. Subject to agreement with the Commissioner, Taxpayer Audit and Assessment, the company has tax losses of approximately $50,118,985 that can be carried forward indefinitely for offset against future taxable profits.

The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the appropriate income tax rate:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Loss before taxation	(61,405,461)	(39,592,818)	(11,034,751)	(39,592,818)
Tax calculated @ 12.5%	(7,675,683)	(4,949,102)	(1,379,344)	(4,949,102)
Adjusted for the effects of:-				
Expenses not allowed for tax purposes	3,353,596	-	267,250	-
Other charges and allowances	(9,473,663)	4,949,102	(517,595)	4,949,102
	(13,795,750)	-	(1,629,689)	-

SSL Venture Capital Jamaica Limited
(formerly C2W Music Limited)

Notes to the Financial Statements
31 December 2018

30. Segment financial information

	Management Services	Retail and Distribution	Marketing and Advertising	Eliminations	Group
	$	$	$		$
Gross Revenue	6,839,803	135,060,165	59,637,130	-	201,537,098
Inter-segment revenue	(6,839,803)	-	-	-	(6,839,803)
Revenue from external customers	-	135,060,165	59,637,130	-	194,697,295
Segment results	(11,034,751)	(10,970,435)	(39,400,275)	-	(61,405,461)
Loss before income tax					(61,405,461)
Taxation					13,795,750
					47,609,711
Total segment assets	100,580,419	74,376,642	95,393,696	20,450,475	290,801,232
Total segment liabilities	140,827,184	74,182,795	99,193,898	18,827,410	333,031,287
Other segment items					
Depreciation	21,655	-	314,609	-	336,264

31. Going concern

The Group and Company reported losses of $47,609,711 (2017: $35,595,190) and $9,405,062 (2017: $35,595,190) the year. It has incurred significant losses from inception and as at December 31, 2018 has accumulated deficit of $176,136,730 (2017: $142,722,000) and $152,127,062 (2017: $142,722,000) respectively. Further, as at December 31, 2018, the group's and company's current liabilities exceeded its current assets by $49,621,080 (2017: $30,585,352) and $20,907,197 (2017: $30,585,352) respectively.

From inception, the company has not achieved the level of revenues projected and required to sustain its operations. The above factors casts doubt on the group's and company's ability to continue as a going concern and that the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

In 2018, the rescue operation was undertaken and after acquisition by SSL Venture Capital Jamaica Limited in June 2018, the company began new operations as a venture capital company. As part of the operation, the company acquired interests in three portfolio companies whose financial statements forms the consolidated financial statement of the company. The company will continue to purchase and divest interests in various other commercial interests and has a pipeline of investments. As part of its offerings, the company provides management, governance, and strategic support to its portfolio companies which have resulted in revenue growth and greater efficiencies.

Based on the current plans and strategies being pursued and implemented, the directors and management believe that the company will generate adequate cash flows and profitability which would allow it to continue in operational existence for the foreseeable future. On this basis, the directors have maintained the going concern assumption in the preparation of these financial statements.

The basis of preparation presumes that the company will be able to realize its assets and discharge its liabilities in the normal course of business.

32. Loss per stock unit

Loss per stock unit ("LPS") is computed by dividing the loss attributable to stockholders of the parent of $33,414,730 (2017: $35,595,190) by the weighted average number of ordinary stock units in issue during the year, numbering 400,000,000 (2017: 400,000,000)

33. Related party transactions

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

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

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

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

The following was credited to the statement of comprehensive income:

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Management fees	-	-	8,442,9	

As at the statement of financial position date the following balances were outstanding: -

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Due from:-				
Blue Dot Data Intelligence Limited	-	-	452,48	-
Select Private Services Limited	266,025	-		-
Treasure Island Music Inc	-	-	2,	-
Bar Central Limited	-	-	992,32	-
	266,025	-	1,447,417	-
Due to:-				
Stocks and Securities Limited	(128,357,661)	-	(108,907,852)	-
Dolla Financial Services Limited	(870,763)	-		-
The Lab	(324,484)	-		-
Shareholders’ loan	(4,827,640)	-		-
Select Private Services Limited	(10,000,000)	-		-
	(144,380,548)	-	(108,907,852)	-
	(144,114,523)	-	(107,460,435)	-