Supreme Ventures Limited

Consolidated Financial Statements
31 December 2020

Supreme Ventures Limited
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31 December 2020

Independent auditor's report

To the Members of Supreme Ventures Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Supreme Ventures Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2020, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2020;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

The Group is comprised of 15 reporting components (6 components representing inactive entities) of which, we selected 5 components for testing. These 5 components represent the principal business units within the Group and are all Jamaican entities.

A full scope audit was performed for Prime Sport (Jamaica) Limited, Supreme Ventures Racing and Entertainment Limited, and Supreme Ventures Services Limited (formerly Big 'A' Track 2003 Limited) as these entities were determined to be individually financially significant. Additionally, based on our professional judgement, Post to Post Betting Limited and Supreme Route Limited (formerly Bingo Investments Limited) were selected and audit procedures were performed on specific account transactions and balances due to the significance of certain individual amounts to the consolidated financial statements. All of the in-scope components were audited by PwC Jamaica.

In establishing the overall Group audit strategy and plan, we determined the type of work required to be performed at the component level by the Group engagement team and by the component auditors. The team members on the component audit teams performing the full scope audits were also the same as those on the Group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Business combination (Group)
Refer to notes 2 (b), 4 (vi) and 36 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements, estimates and balances.
 	
On 2 January 2020, the Group, through Supreme Route Limited (formerly Bingo Investments Limited) acquired selected assets of Champion Gaming Limited (Champion Gaming) for a total consideration of $2.78 billion. The consideration consisted of $1.42 billion of cash and 49% equity allocated to Champion Gaming in Supreme Route Limited (SRL) valued at $1.36 billion. The fair value of the equity consideration was determined using a capitalisation of EBITDA method. With the significant shareholding and certain changes to the composition of SRL's board, management concluded that it retains control of SRL, and consequently, that SRL remains a subsidiary of the Group.
 	
The accounting for the acquisition was a key audit matter given the significance of the transaction and the financial and operational impacts on the Group. We focused on this area due to the nature of the business combination, the accounting requirements of which can be complex and require management to exercise judgement in determining certain estimates. The complex judgements include determining, identifying and estimating the fair value of the intangible assets acquired from Champion Gaming. The Group was assisted by external valuation experts in this process.
	With the assistance of our valuation experts, we tested the fair value of the intangible assets recognized, as follows:
	• Assessed the competence and capability of management's valuation experts.
	• Evaluated the application of the valuation methodology utilised to derive the fair value of identified intangible assets.
	• Tested the reasonableness of valuation assumptions and inputs by:
	    o Referencing management's cash flow projections to historical trends and other supporting documents and information;
	    o Corroborating the revenue forecasts, expense forecasts including payout ratios and capital and growth rates by comparison to industry and independent economic and statistical data;
	    o Evaluating the reasonableness of the determined discount rate; and
	    o Evaluating the reasonableness of the useful life of each intangible asset identified.
	• Tested the mathematical accuracy of management's discounted cash flows by reperforming the underlying calculations.
	
	In addition, we performed the following procedures:
	• Assessed the reasonableness of the fair value of the equity consideration by:
	    o Agreeing the EBITDA used in the calculation to historical information; and
	    o Comparing the multiplier to that used by other relevant market participants.
	• Evaluated the appropriateness of management's consolidation of SRL in light of the requirements of the applicable accounting standards.
	
	Based on the procedures performed, management's accounting for the acquisition, in our view, was not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Impairment Assessment of Goodwill (Group & Company) *Refer to notes 2(g), 4(ii) and 19 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements, estimates and balances.* Goodwill accounts for $2,054 million or 13.2% of total assets for the Group and $190 million or 2.3% of total assets for the Company as at 31 December 2020. Management performs an annual impairment analysis over the goodwill balance. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. We focused on this area as the goodwill balance increased significantly following the acquisition of Champion Gaming and because the assessment of the carrying value of goodwill involves significant judgement and estimation, is sensitive to changes in key assumptions and due to the challenges involved in determining the impact of COVID-19 on these assumptions. The key assumptions were assessed by management as being: • Pre-tax discount rate; • Terminal value growth rate; and • EBITDA growth rate in the terminal year.	We tested management's assumptions used in their impairment testing model for goodwill, including the future cash flow projections, discount rates and growth rates applied. With the assistance of our valuation experts, we performed the following procedures: • Obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine value-in-use of each cash generating unit. • Agreed the 31 December 2020 base year financial information to current year results and compared the current year and previous forecasts to actual results to assess the performance of the business and the accuracy of management's forecasting. • Tested management's assumptions, including the impact of COVID-19 on those assumptions as follows: ➢ ***Pre-tax discount rate*** – performed an analysis to evaluate the reasonableness of management's determined rate. ➢ ***Terminal value growth rate*** – evaluated management's terminal value, whereby we developed a range of parameters using available market inputs and historical information and performed sensitivity analyses using these parameters to determine the reasonableness of management's assumptions. ➢ ***EBITDA growth rate in the terminal year*** – compared the growth rates to historical EBITDA growth and evaluated management's estimated future growth rates which included an assessment of management's business plans. • We further checked management's impairment testing model calculations for mathematical accuracy and considered the sensitivity of the calculations by varying the key assumptions and adjustments within management's forecast. Based on the procedures performed, management's assumptions and judgements relating to the carrying value of goodwill, in our view, were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (Group) *Refer to notes 2(f), 4(i) and 18 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements, estimates and balances.* Investment properties represented $867 million or 5.6% of total assets for the Group as at 31 December 2020. The determination of the fair value of investment properties requires significant judgement and is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income for each property. This, combined with the fact that a small percentage difference in individual property valuation assumptions, when aggregated, could result in a material misstatement, is why we have focused on this area. Management, with the assistance of independent valuation experts, used different methods to value two investment properties as follows: • For one property, the market comparison approach was combined with a residual approach to determine the fair value. The market comparison approach relies on suitable and substantial sales evidence of comparable properties within the geographic location, adjusting for certain pertinent factors, to form a basis for comparison. The residual approach is based on the residue or difference between the gross development value of the 'highest and best use' development of the site less its gross development costs. • For the other property, the investment approach was used. The investment approach capitalises the net income from the investment over its projected useful life and takes into consideration a number of factors which require estimation and judgement. The key factors include estimation of rental income, determination of a capitalization rate, and discount rates.	We engaged independent qualified valuation experts to assist us in evaluating the work of management's experts. With the aid of our valuation experts, we performed the following procedures: • Evaluated the competence and objectivity of management's experts. This included confirming that they are appropriately qualified and not affiliated to the Group. • Obtained an understanding of the valuation methods used by management along with significant developments within the industry. This included evaluating the appropriateness of the valuation methodology used and its suitability for determining market value in accordance with the financial reporting framework. • Evaluated management's assumptions for the market comparison approach by performing comparisons to properties within similar geographical locations. • Assessed the appropriateness of the inputs used in the residual approach in determining the gross development value and the gross development costs with focus on the capital value per square foot and basic building costs. This involved evaluating the inputs against suitable market information. • Agreed the inputs used in the investment approach to relevant market information for the key factors being the estimation of rental income, the capitalisation factor and the discount rates. Based on the procedures performed, management's assumptions and judgements relating to the valuation of investment properties, in our view, were not unreasonable.

Other information

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

Our opinion on the consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group 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 or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone 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 and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone 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.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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 kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Leighton McKnight.

PricewaterhouseCoopers

Chartered Accountants
1 March 2021
Kingston, Jamaica

Supreme Ventures Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue - Non-fixed odd wagering games, horse racing and pin codes	6	22,846,440	23,289,501
Income from fixed odd wagering games, net of prizes	7	16,513,756	15,226,809
Total Gaming Income		39,360,196	38,516,310
Direct Costs	9	(30,608,442)	(30,614,036)
Gross Profit		8,751,754	7,902,274
Other income	10	126,668	174,107
Selling, general and administrative expenses	11	(4,952,476)	(4,436,894)
Net Impairment losses on financial assets	11	(22,057)	(41,426)
Operating Profit		3,903,889	3,598,061
Finance costs	13	(269,872)	(145,797)
Revaluation (loss)/gains on investment properties	18	(34,946)	9,446
Profit before Taxation		3,599,071	3,461,710
Taxation	14	(1,178,124)	(988,076)
Net Profit, being Total Comprehensive Income for the year		2,420,947	2,473,634
Net Profit, being Total Comprehensive Income for the year is			
Attributable to:			
Stockholders of parent company		2,377,494	2,441,816
Non-controlling interest		43,453	31,818
		2,420,947	2,473,634
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	16	90.15 cents	92.59 cents

Supreme Ventures Limited
Consolidated Statement of Financial Position
31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non-Current Assets			
Property and equipment	17	2,839,201	1,828,585
Investment properties	18	867,000	901,946
Goodwill and intangible assets	19	3,703,009	1,093,199
Long-term receivables	20	27,958	28,493
Financial assets at amortised cost		1,883	1,883
Other investments	21	16,341	17,140
Deferred tax assets	22	-	101,058
		7,455,392	3,972,304
Current Assets			
Inventories	23	335,190	191,900
Trade and other receivables	24	1,453,888	1,640,922
Current portion of long-term receivables	20	1,117	1,117
Taxation recoverable		23,668	22,972
Restricted cash	41	52,932	-
Cash and cash equivalents	25	6,255,623	3,592,465
		8,122,418	5,449,376
Current liabilities			
Prize liabilities	26	600,455	532,173
Contract liabilities		4,342	7,089
Trade and other payables	27	2,844,938	2,290,569
Current portion of lease liabilities	31	181,986	104,814
Current portion of long-term loans	30	224,300	94,120
Income tax payable		261,291	166,954
		4,117,312	3,195,719
Net Current Assets		4,005,106	2,253,657
		11,460,498	6,225,961

Supreme Ventures Limited
Company Statement of Financial Position (Continued)
31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Equity			
Attributable to Shareholders of the Company			
Share capital	28	1,967,183	1,967,183
Capital reserves	29	62,486	62,486
Other reserve		45,987	-
Retained earnings	15	2,122,083	1,666,619
		4,197,739	3,696,288
Non-controlling interests		1,773,600	368,342
		5,971,339	4,064,630
Non-current liabilities			
Long term payables	30	4,689,469	1,428,693
Lease liabilities	31	740,292	732,638
Deferred tax liability	22	59,398	-
		5,489,159	2,161,331
		11,460,498	6,225,961

Approved for issue by the Board of Directors on 26 February 2021 and signed on its behalf:

Gary Peart **Director**

Duncan Stewart **Director**

Supreme Ventures Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Shareholders' of the Company						
	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Other Reserve $'000	Retained Earnings $'000	Non-Controlling Interests $'000	Total $'000
Balance at 31 December 2018	2,637,255	1,967,183	62,486	-	1,255,489	-	3,285,158
Profit for the year and total comprehensive income	-	-	-	-	2,441,816	31,818	2,473,634
Non-controlling interests on acquisition of subsidiary (note 36)	-	-	-	-	-	370,003	370,003
Transactions with stockholders							
Distributions (note 34)	-	-	-	-	(2,030,686)	(33,479)	(2,064,165)
Balance at 31 December 2019	2,637,255	1,967,183	62,486	-	1,666,619	368,342	4,064,630
Profit for the period and total comprehensive income	-	-	-	-	2,377,494	43,453	2,420,947
Non-controlling interests on acquisition of subsidiary (note 36)	-	-	-	-	-	1,361,805	1,361,805
Employee share scheme (note 40)	-	-	-	26,472	-	-	26,472
Transfer of other currency translation differences				19,515	(19,515)	-	-
Transactions with stockholders							
Distributions (note 34)	-	-	-	-	(1,902,515)	-	(1,902,515)
Balance at 31 December 2020	2,637,255	1,967,183	62,486	45,987	2,122,083	1,773,600	5,971,339

Supreme Ventures Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Profit for the year		2,420,947	2,473,634
Adjustments for:			
Depreciation of property and equipment	17	470,964	341,990
Amortisation of intangible assets	19	255,330	80,921
Write off of property and equipment		17,806	-
Share based option		26,472	-
Gain on disposal property and equipment	10	(1,264)	(1,660)
Revaluation loss/(gain) on investment property		34,946	(9,446)
Bad debts recognised		22,057	41,426
Net foreign exchange gain on cash and cash equivalents		(234,135)	(15,884)
Interest income	10	(68,268)	(69,231)
Interest expense	13	238,783	145,797
Taxation	14	1,178,124	988,076
Operating cash flow before movement in working capital		4,361,762	3,975,623
Change in non-cash working capital balances:			
Inventories		(143,290)	(60,811)
Trade and other receivables		167,782	(854,818)
Trade and other payables		487,383	263,573
Prize liabilities		68,282	(27,230)
Other Investments		799	(840)
Cash generated by operations		4,942,718	3,295,497
Interest paid		(204,026)	(111,859)
Taxation paid, net		(1,129,724)	(1,020,277)
Cash provided by operating activities		3,608,968	2,163,361
Cash Flows from Investing Activities			
Payment for acquisition of subsidiary, net of cash acquired		(1,311,609)	(442,609)
Acquisition of property and equipment		(1,384,630)	(627,431)
Acquisition of intangible assets		(35,216)	(7,684)
Proceeds on disposal of property and equipment		1,264	11,086
Long-term receivables		535	664
Interest received		65,463	70,188
Cash used in investing activities		(2,664,193)	(995,786)
Cash flows from operating and investing activities carried forward to page 6		944,775	1,167,575

Supreme Ventures Limited
Consolidated Statement of Cash Flows (Continued)
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash flows from operating and investing activities brought forward from page 5	944,775	1,167,575
Cash Flows from Financing Activities		
Repayment of long-term payables	(120,193)	(147,867)
Addition of long-term liabilities	3,505,795	1,450,000
Dividends paid	(1,902,515)	(2,064,164)
Additions to finance lease	235,325	327,003
Repayment of finance lease	(214,547)	(135,490)
Cash provided by/(used in) financing activities	1,503,865	(570,518)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,448,640	597,057
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	214,518	15,884
Cash and cash equivalents at the beginning of the year	3,592,465	2,979,524
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6,255,623	3,592,465

Total non-cash transactions included the transfer of 4.9million shares in Supreme Route Limited for a value of $1.3 billion (See note 36).

Supreme Ventures Limited

Company Statement of Comprehensive Income

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Income	8	2,584,728	2,976,913
Operating expenses	11	(749,119)	(427,566)
Net impairment losses on financial assets		(16,207)	-
Operating profit		1,819,402	2,549,347
Other income	10	97,097	14,778
Finance costs	13	(200,160)	(37,430)
Profit before taxation		1,716,339	2,526,695
Taxation	14	27,730	(21,031)
Net Profit, being Total Comprehensive Income		1,744,069	2,505,664

Supreme Ventures Limited
Company Statement of Financial Position
31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non Current Assets			
Property and equipment	17	114,099	75,195
Investment in subsidiaries	32	3,211,112	3,067,112
Goodwill and intangible assets	19	417,298	242,663
Long-term receivables	20	1,065,279	331,348
Financial assets at amortised cost		1,883	1,883
Deferred tax assets	22	40,296	1,186
		4,849,967	3,719,387
Current Assets			
Income tax recoverable		9,533	8,512
Due from subsidiaries	33	14,961	83,752
Trade and other receivables	24	98,303	754,853
Current portion of long-term receivables	20	4,326	-
Restricted cash	41	52,932	-
Cash and cash equivalents	25	3,299,238	376,822
		3,479,293	1,223,939
Current liabilities			
Trade and other payables	27	140,007	129,083
Due to Subsidiaries	33	203,569	75,199
Current portion of lease liabilities	31	7,917	-
Current portion of long-term loans		216,864	89,571
Income tax payable		-	7,510
		568,357	301,363
Net Current Assets		2,910,936	922,576
		7,760,903	4,641,963
Equity			
Share capital	28	1,967,183	1,967,183
Capital reserve	29	62,486	62,486
Retained earnings	15	1,093,419	1,251,865
		3,123,088	3,281,534
Non Current liabilities			
Long-term loans	30	4,623,355	1,360,429
Lease liabilities	31	14,460	-
		4,637,815	1,360,429
Total equity and liabilities		7,760,903	4,641,963

Approved for issue by the Board of Directors on 26 February 2021 and signed on its behalf:

Gary Peart **Director**	**Duncan Stewart** **Director**

Supreme Ventures Limited

Company Statement of Changes in Equity

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 31 December 2018	2,637,255	1,967,183	62,486	776,887	2,806,556
Profit for the year and total comprehensive income	-	-	-	2,505,664	2,505,664
Transactions with stockholders					
Distributions (note 34)	-	-	-	(2,030,686)	(2,030,686)
Balance at 31 December 2019	2,637,255	1,967,183	62,486	1,251,865	3,281,534
Profit for the year and total comprehensive income	-	-	-	1,744,069	1,744,069
Transactions with stockholders					
Distributions (note 34)	-	-	-	(1,902,515)	(1,902,515)
Balance at 31 December 2020	2,637,255	1,967,183	62,486	1,093,419	3,123,088

Supreme Ventures Limited

Company Statement of Cash Flows

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,744,069	2,505,664
Items not affecting cash:			
Depreciation	17	8,863	4,997
Amortisation of intangible assets	19	7,206	6,182
Dividend income	8	(2,108,000)	(2,541,078)
Gain on disposal of property and equipment	8	(510)	(1,642)
Net foreign exchange gain on cash and cash equivalents		(140,292)	(390)
Interest income	10	(97,097)	(14,778)
Interest expense	13	154,637	36,172
Taxation	14	(27,730)	21,031
Operating cash flow before movement in working capital		(458,854)	16,158
Change in non-cash working capital balances:			
Due from subsidiaries		68,791	102,349
Trade and other receivables		661,852	(700,399)
Income tax recoverable		(37,345)	(751)
Due to subsidiaries		128,370	72,513
Trade and other payables		(23,832)	(12,711)
Cash generated by/ (used in) operations		338,982	(522,841)
Taxation paid		(18,888)	-
Interest paid		(119,881)	(36,172)
Cash provided by/ (used in) operating activities		200,213	(559,013)
Cash Flows from Investing Activities			
Payment for acquisition of subsidiary		-	(572,218)
Acquisition of property and equipment		(229,202)	(6,759)
Acquisition of intangible assets		(466)	(98)
Proceeds on disposal of property and equipment		536	10,796
Long-term receivables		(754,464)	13,273
Dividends received		2,108,000	2,541,078
Interest received		91,794	14,791
Cash provided by investing activities		1,216,198	2,000,863
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,902,515)	(2,030,769)
Advance to subsidiary		(144,000)	(400,482)
Addition of lease liabilities		25,718	-
Addition of long-term liabilities		3,500,000	1,450,000
Repayment of lease liabilities		(2,313)	-
Loan repaid		(109,781)	(143,287)
Cash provided by/(used) in financing activities		1,367,109	(1,124,538)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,783,520	317,312
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		138,896	473
Cash and cash equivalents at the beginning of the year		376,822	59,037
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,299,238	376,822

Supreme Ventures Limited

Notes to the Financial Statements

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activity

Supreme Ventures Limited (the Company) is a public limited liability company which is listed on the Jamaica Stock Exchange. The Company's registered office is located at 9A Retirement Crescent, Kingston 5, Jamaica, W.I.

The Company and its subsidiaries are collectively referred to as "the Group".

The main activities of the Group comprise betting, gaming and lottery operations.

The subsidiaries and their principal activities are as follows:

Name of company	Principal activity	Country of Incorporatio	Percentage Ownership 2020 %	Percentage Ownership 2019 %
Prime Sports (Jamaica) Limited and its subsidiaries:	Betting, gaming and lottery operations licensed by the Betting, Gaming and Lotteries Commission (BGLC)	Jamaica	100	100
Supreme Route Limited (formerly Bingo Investments Limited)	Betting & Gaming	Jamaica	51	51
Chillout Ventures Limited	Not trading	Jamaica	100	100
Supreme Ventures Financial Services Limited	Not trading	Jamaica	100	100
Supreme Ventures Lotteries Limited	Not trading	Jamaica	100	100
Transtel Jamaica Limited	Not trading	Jamaica	100	100
Supreme Ventures Services Limited (formerly Bi(Track A 2003 Limited)	Sale of pin codes and shared services	Jamaica	100	100
Supreme Ventures Racing and Entertainment Limited	Betting and horse-racing operations licensed by BGLC and Jamaica Racing Commission (JRC)	Jamaica	100	100
Jamaica Lottery Company Holdings Limited	Not trading	Jamaica	100	100
Supreme Group Incorporated	Holding Company	St. Lucia	100	100
Supreme Guyana Incorporated	Holding Company	St. Lucia	100	100
Supreme Ventures Guyana Holdings Inc	Holding Company	Guyana	100	100
Supreme Ventures Enterprise Inc	Betting & Gaming	Guyana	100	100
Post to Post Betting Limited	Betting & Gaming	Jamaica	51	51

The shareholdings for all subsidiaries are the same as they were in the prior year, with the exception of Supreme Route Limited (formerly Bingo Investments Limited), which was a 100% subsidiary. Note 36 provide further details of the acquisition of Champion Gaming Assets and the allotment of shares.

2. Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of IFRS Interpretations Committee (IFRIC IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain items of investment property, and certain available-for-sale investments in the prior year.

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

Standards, interpretations and amendments to published standards effective in current year

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has effected the following, which are immediately relevant to its operations:

- **Amendment to IAS 1 and IAS 8 on the definition of material (**effective for annual periods beginning or after January 1, 2020). This amendment to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRS: i) use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.The adoption of this amendment did not have a significant impact on the Group.

- **Amendment to IFRS 3 –definition of a business** (effective for annual periods beginning or after January 1, 2020)**.** This amendment revises the definition of a business. According to feedback received by the IASB, application of the previous guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. The adoption of this amendment did not have a significant impact on the Group.

- **Amendment to IFRS 9, IAS 39 and IFRS 7 (**effective for annual periods beginning or after January 1, 2020) – Interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The adoption of this amendment did not have a significant impact on the Group.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **Amendments to IFRS 16, 'Leases' – COVID-19 related rent recession,** (effective for annual periods beginning on or after 1 June 2020). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral or lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event of condition that triggers the reduced payment occurs. The adoption of this amendment is not expected to have a significant impact on the Group.

- **Amendment to IAS 1 –Presentation of Financial Statements, classification of liabilities as current or non-current** (effective for annual periods beginning or after January 1, 2022)**.** This amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarify what IAS 1 means when it refers to the settlement of a liability. The adoption of this amendment is not expected to have a significant impact on the Group.

- **Amendment to IAS 16 Property, Plant and Equipment (PP&E) (**effective for annual periods beginning or after January 1, 2022). This amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not and output of the entity's ordinary activities. The adoption of this amendment is not expected to have a significant impact on the Group.

- **Amendment to IAS 37- Onerous Contracts, cost of fulfilling a contract (**effective for annual periods beginning or after January 1, 2022) – This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling a contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises and impairment loss that has occurred on assets used in fufilling the contract. The adoption of this amendment is not expected to have a significant impact on the Group.

  There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Group.

2. Significant Accounting Policies (Continued)

(b) Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations involving third parties by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of previously held interest, plus fair value of consideration transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

For business combination achieved in stages, which is also referred to as a 'step acquisition', the Group remeasures the previous non-controlling interest at its acquisition-date fair value and any resulting gain or loss recognised in profit or loss or other comprehensive income (OCI) as if the non-controlling interest was directly disposed of. The non-controlling interest after remeasurement to its acquisition-date fair value is included as a part of the overall consideration for obtaining control.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss, in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

In the Company's stand-alone statement of financial position, investments in subsidiaries are accounted for at cost less impairment.

(ii) *Disposal of subsidiaries*

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2. Significant Accounting Policies (Continued)

(c) Foreign currency translation

(i) *Functional and presentation currency*
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican Dollars, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. At the statement of financial position date, monetary assets and liabilities denominated in foreign currencies are translated using the weighted average closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) *Group companies*
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated as follows:

a) Assets and liabilities for each statement of financial position presented are translated at year end rates,
b) Items affecting the statement of comprehensive income are translated at average rates, and
c) The resultant gains or losses are recognised in other comprehensive income as translation gains or losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Revenue recognition

Revenue is measured at the fair value consideration received or receivable for sale of goods and services in the ordinary course of the Group's activities and comprise the following elements:

(i) *Lottery*
Lottery games comprise non fixed odd wagering and fixed odd wagering games for both of which income is recognized on a draw by draw basis, at the point the draw takes place. Income for non-fixed odd games is recorded at the gross ticket sales amount and for fixed odd games at the gross ticket sales amount net of prize payouts. Fixed odd wagering games relates to games where the customer is placing a bet with the Group (at a particular win rate) and is therefore entering into a derivative. No particular good or service is provided to a customer as the customer is taking a position against the Group.

Fixed odd wagering games are the games in which the winning amount is known to the player at the time of play while non-fixed odd wagering games are the games in which the winning amount is unknown to the player at the time of play.

Where players wager in advance, this income is deferred and only recognised in the Statement of Comprehensive Income once the draw has taken place. Lottery tickets are sold to players by contracted retail agents and company owned locations.

Unclaimed prizes- as outlined in clause number 28 of the lottery licence held by Prime Sports (Jamaica) limited, winning tickets must be redeemed within 90 days of the relevant draw unless otherwise notified. Any valid winning ticket presented after expiration of this period maybe paid provided payment is made within 180 days of the draw, after which prizes may be paid only with the written approval of the BGLC. Fifty percent (50%) of unclaimed prizes (net of taxes where applicable) is paid over to the Consolidated Fund and the remaining fifty percent (50%) paid to the BGLC.

(ii) *Video Lottery Terminal (VLT) gaming*
VLT games are offered at gaming lounges and food and beverage operations. Income is recognised as the net win from gaming activities, which is the difference between gaming wins and losses before deducting costs and expenses at the end of each gaming day.

2. Significant Accounting Policies (Continued)

(d) Revenue recognition (continued)

(iii) Slots
Slots revenue is considered fixed odd wagering game. Income is recognized as the net win from gaming activities which is the difference between gaming wins and losses before deducting costs and expenses.

(iv) Horseracing
Sales from the pari-mutuel pools operated at the track and off-track, are recognised upon sale of tote tickets or on performance of the underlying service.

(v) *Sports betting*
Sports betting relates to wagers on local and international sporting events offered through the agents' network. Revenue represents the net winnings from bets taken on the local and international sporting events at all branches and agents, net of refunds. Revenue is recognised when the events have taken place.

(vi) *Pin codes*
Pin codes are sold to the public by contracted retail agents. Revenue is recognized gross when pin codes are sold.

(vii) *Hospitality and related services*
Hospitality and related services include beverage sales and are recognised when the goods/services are provided.

(viii) *Management fees*
The Group provides management services to its subsidiaries. Fees are recognised when services are provided.

(ix) *Interest income*
Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the expected rate that exactly discounts estimated future cash receipts through the life of the financial asset to that asset's net carrying amount.

(x) *Rental income*
Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

(xi) *Dividend income*
Dividend income is recognised when the right to receive payment is established.

(e) Property, plant and equipment

Land and buildings comprise mainly offices. Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

The assets residual values and useful lives are revisited and adjusted if appropriate, at the end of each reporting period.

Land, art and paintings are not depreciated as they are deemed to have indefinite lives. For all other property, plant and equipment, depreciation is calculated at annual rates on the straight-line basis to write-off the cost of the assets to their residual values over their estimated annual useful lives as follows:

Freehold buildings	20-40 years
Video lottery terminal equipment	5-10 years
Furniture, fixtures machinery & equipment	3-10 years
Computer equipment	3-5 years
Motor vehicles	5-8 years
Signs & posters	5-10 years
Leased assets	Shorter of lease term and useful lives
Leasehold improvements	Shorter of lease term and useful lives

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2. Significant Accounting Policies (Continued)

(e) Property, plant and equipment (continued)

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit.

Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

(f) Investment properties

Investment properties, comprising freehold lands and buildings, are held for long-term rental yields. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

(g) Intangible assets

(i) *Goodwill*
Goodwill is recorded at cost and represents the excess of the value of consideration paid over the Group's interest in the fair value of the Group's share of the net identifiable assets and liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) *Trademarks and licences*
Trademarks and licences with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate, with the effect of any changes in estimate being accounted for on a prospective basis. Amortisation is charged on the straight-line basis over the estimated useful lives. Useful lives are currently estimated as follows:

Licenses and permits	5 years
Trademarks	10 - 15 years

Trademarks, licences and permits with indefinite useful lives are measured at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(g) Intangible assets (continued)

(iii) Other intangible assets
Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over its estimated useful life. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate, with the effect of any changes in the estimate being accounted for on a prospective basis.

The amortisation rates are as follows:

Computer software	1 - 3 years
Gaming software	5 – 10 years
Software usage rights	10 years
Branch Network	11 Years
Non-Competitive Agreement	2 - 3 years

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

(h) Impairment of non-financial assets

Under IFRS 9 the Group applies an impairment model that recognises expected credit losses (“ECL”) on financial assets measured at amortised cost and FVOCI and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

At initial recognition, an allowance is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) (’12-month ECL’).

In the event of a significant increase in credit risk (SICR) an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’). Financial assets where 12-month ECL is recognised are considered to be ‘stage 1’; financial assets which are considered to have experienced a significant increase in credit risk are in ‘stage 2’; and financial assets for which there is objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired are in stage 3’.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available, including information from the past as well as forward-looking information. Factors such as whether payments of principal and interest are in delinquency, an adverse change in credit rating of the borrower and adverse changes in the borrower’s industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

Definition of default
The Group determines that a financial instrument is in default, credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower’s financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is greater than 90 days past due.

2. Significant Accounting Policies (Continued)

(h) Impairment of non-financial assets (continued)

Write-off
Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery.

Recognition and Measurement of ECL
The general approach to recognising and measuring ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are calculated by multiplying the following three main components:
- the probability of default (“PD”)
- the loss given default (“LGD”) and
- the exposure at default (“EAD”), discounted at the original effective interest rate.

Management has calculated these inputs based on the estimated forward looking economic and historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition. For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed periodically. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in modelling and for the incorporation of scenarios which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are subjective and sensitive to risk factors, in particular to changes in economic and credit conditions across geographical areas. Many of the risk factors have a high degree of interdependency and there is no single factor to which impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and these results are not extrapolated to the wider population of financial assets.

2. Significant Accounting Policies (Continued)

(h) Impairment of non-financial assets (continued)

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward looking information
The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the expected credit loss calculation have forecasts of the relevant macroeconomic variables. The estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted. The base scenario reflects the most likely outcome and is assigned the highest weighting.

The weightings assigned to each economic scenario as at December 31, 2020 is as follows:

	Base	Optimistic	No default	Pessimistic
Scenarios	95%	97%	100%	90%

Impairment on financial assets measured at amortized cost and FVOCI, recognize impairment gains and losses are recognized in the statement of profit and loss. Unrealised gains and losses arising from changes in fair value on FVOCI assets are measured in other comprehensive income and the loss allowance is recycled to profit and loss in the credit loss provision line. When the asset is sold, the cumulative gain or loss is reclassified to investment income and the impairment on these financial assets will be reversed to provision for credit losses in the profit and loss.

2. Significant Accounting Policies (Continued)

(i) Financial instruments

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

Financial assets
The Group's financial assets comprise cash and cash equivalents and other investments, trade and other receivables, long term receivables and amounts due from related parties.

Financial liabilities
The Group's financial liabilities comprise payables, contract liabilities, prize liabilities, lease liabilities, amounts due to related parties and borrowings.

(i) Classification of financial instruments

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

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

The Group reclassifies debt investments only when its business model for managing those assets changes.

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

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

The Group classifies its debt instruments at amortised cost.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income.

Other financial liabilities: Long-term liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, long-term liabilities are measured at amortised cost using effective interest method.

Prize liabilities, Contract liabilities, Trade and other payables, and *Due to subsidiaries* are measured at amortised cost.

Lottery and sports betting prizes
All prizes are recorded at the actual amount except for the annuity-funded prize (PayDay), which is paid out on a deferred basis. The actual prize expense for this type of prize is based on the present value of an annuity using the interest yield on the investment acquired to fund the annuity.

2. Significant Accounting Policies (Continued)

(j) Financial liabilities

The Group's financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventories by the method most appropriate to the particular class of inventory, being valued on a first-in, first-out basis (FIFO). Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(l) Trade receivables

Trade receivables are carried at original invoice amount less provision made for expected credit losses of these receivables based on a review of all outstanding amounts at the year-end. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance. Details about the Company's impairment policies and the calculation of the loss allowance are provided in Note 3(a).

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits with original maturities of three months or less, net of bank overdrafts. In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and at bank and short-term bank deposits. Bank overdrafts are shown in current liabilities on the statement of financial position.

(n) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

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

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2. Significant Accounting Policies (Continued)

(n) Income taxes (continued)

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income, in which case, deferred tax is also dealt with in other comprehensive income.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Share capital

Ordinary stock units are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new stock units or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(q) Borrowings

Borrowings are recognised initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(r) Employee benefit costs

(i) The Group is the sponsoring employer of a defined contribution pension scheme under the control of trustees and administered by a licensed organisation. Contributions are recognised as an expense by the employer as incurred.

(ii) Employee leave entitlements are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave as a result of services rendered by employees up to the reporting date.

(iii) The Board of Directors has approved a long-term incentive plan for its senior managers and above (excluding executive Directors). Under the plan, participants are granted allotted shares which only vest if certain performance standards are met. An expense is recognised in the profit or loss statement for these shared based payments.

2. Significant Accounting Policies (Continued)

(s) Leases

Lessee
The Group leases various retail locations and equipment. Rental contracts are typically made for fixed periods of five years but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term (note 18). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(t) Finance costs

Finance costs includes interest payable on borrowings calculated using the effective interest method, interest on finance leases, material bank charges and foreign exchange gains and losses recognised in profit or loss.

2. Significant Accounting Policies (Continued)

(u) Dividend distribution

Dividend distribution is recognised as equity in the financial statements in which the dividends are approved by the shareholders of the Group.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(w) Earnings per share

Earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(x) 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. An operating segment's results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results are reported to the Group's executive management (collectively considered the chief operating decision maker) which includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All transactions between business segments are conducted on an arm's length basis, with intersegment revenue and cost eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

Overseas entities are not considered material at this time.

The presentation of the segments was adjusted due to changes in how the segments are managed. The current year disclosure notes have been updated to reflect these Group changes and the prior year has been restated.

The Group's reportable segments under IFRS 8 are as follows:

(i)	Lottery	-	Lottery games offered through the agents' network.
(ii)	Sports betting	-	Wagers on local and international sporting events offered through the agents' network, local horseracing races, and simulcast horseracing races, Video Lottery Terminal (VLT) games offered at gaming lounges, and food and beverage operations.
(iii)	Pin codes	-	Sale of pin codes through the agents' network.
(iv)	Other	-	All other income.

3. Financial Risk Management

Financial risk factors

Financial risk management objectives
The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk, and currency risk. Information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk is detailed below.

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the business and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise 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 practices.

A risk management approach is adopted which involves employees at all levels. This framework is supported by sound risk management practices which include the establishment of enterprise-wide policies, procedures and limits, monitoring and measurement of exposure against established limits, ongoing realignment of business strategies and activities and the reporting of significant exposures to senior management and the Board of Directors.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board's risk management mandate is principally carried out through the Audit Committee.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures. The Committee also ensures compliance with internal, legal and regulatory policies, identifying, monitoring, measuring and reporting significant risk exposure and making recommendations in relation to management of risk.

This Board Committee also has direct responsibility for the management of financial instrument risk which includes credit, liquidity and market risks.

(a) Credit risk

The Group is exposed to credit risk, which is the risk that its customers or counterparties may default and could cause a financial loss for the Group by failure to discharge their contractual obligations. This arises principally from cash and cash equivalents, trade receivables, other investment and long-term receivables. Credit risk is an important risk for the Group's business and management therefore carefully monitors its exposure to credit risk.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

The Group controls credit exposure by maintaining a strict collection process. Lottery sale agents are required to remit cash collections weekly which are monitored on a weekly basis by identification and transfer to designated bank accounts. A process of suppression of agent activity is triggered for non-compliance.

Credit review process

The Group has four types of financial assets that are subject to the expected credit loss model:

i. trade receivables,
ii. long term receivables,
iii. Intercompany and related party balances, and
iv. other debt instruments carried at amortised cost.

While cash at bank is also subject to the impairment requirements of IFRS 9, the identified expected credit loss was immaterial.

The Group's credit risk is managed through a framework which incorporates the following:

(i) Cash and cash equivalents

The Group maintains cash resources with reputable financial institutions. The credit risk is considered to be low.

(ii) Trade and long-term receivables

The Group establishes policies and procedures which govern standards for granting credit and the process of continuous monitoring and measurement in relation to credit quality through industry delinquency and debt recovery management.

Trade receivables are monitored and managed by the Finance Department in collaboration with the Field Area Management team, which has responsibility for liaising with the sales agents.

The Group's average credit period on the sales of services is seven days. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, the Group first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors. All other non-specific trade receivables are then Grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 1 January 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic and other factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP growth to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables:

31 December 2020	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Expected loss rate	0.00%	15.86%	29.76%	98.39%	42.83%
Gross carrying amount $'000 – trade receivables	658,355	15,750	6,712	109,459	790,276
Loss allowance provision $'000	-	2,498	1,998	107,693	112,189

31 December 2019	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Expected loss rate	0.15%	35.06%	57.16%	100%	52.65%
Gross carrying amount $'000 – trade receivables	395,744	9,514	2,438	442,067	849,763
Loss allowance provision $'000	600	3,336	1,394	442,067	447,397

The closing loss allowance provision for trade receivables as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	2020	**2019**
	$'000	**$'000**
Opening loss allowance at 1 January	447,397	417,224
Increase in loss allowance recognised in profit or loss during the period	18,253	60,669
Receivables written off during the year as uncollectible	(351,939)	-
Unused amounts reversed	(1,522)	(30,496)
Closing loss allowance at 31 December	112,189	447,397

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst other, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 360 days past due.

The Board of Prime Sports (Jamaica) Limited approved the write-off of delinquent debts which were previously included in the provisions. All reasonable efforts were made to collect these balances but were unsuccessful. This adjustment did not affect the current year profits of the Group.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables (continued)

Expected credit losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The ageing analysis of trade receivables is as follows:

	2020	2019
	$'000	$'000
Current	583,647	354,022
8 to 30 days	74,708	41,722
31 to 60 days	17,859	9,514
61 to 90 days	6,712	2,438
Over 90 days	107,350	442,067
	790,276	849,763

Other debt instruments at amortised cost

Other financial assets at amortised cost include balances due from related parties, long term receivables, short term investments and other receivables.

All of the entity's debt instruments at amortised cost are considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management considers these instruments 'low credit risk' when there is a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

There was no opening loss allowances calculated on balances due from related parties and short term investments and no movement during the current year. The loss allowance for other debt instruments at amortised cost as at 31 December reconciles to the opening loss allowance as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Opening loss allowance at 1 January	19,410	8,241	-	-
Increase in loss allowance recognised in profit or loss during the period	-	11,169	16,207	-
Closing loss allowance at 31 December	19,410	19,410	16,207	-

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Long term receivables
The loss allowance for long term receivables as at 31 December reconciles to the opening loss allowance as follows:

	The Company	
	2020	**2019**
	$'000	**$'000**
Opening loss allowance at 1 January	-	-
Increase in loss allowance recognised in profit or loss during the period	16,207	-
Closing loss allowance at 31 December	16,207	-

Credit exposure for trade receivables

The credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector, was as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Lottery agents	672,735	707,978
VLT Gaming Customers	30,702	23,707
Sports Betting Agents	32,773	66,756
Off-Track Betting Parlours	54,066	51,322
	790,276	849,763
Less: Provision for expected credit losses	(112,189)	(447,397)
	678,087	402,366

Credit exposure for long-term receivables

The credit exposure for long-term receivables at its carrying amount, as categorised by the related party, was as follows:

	The Company	
	2020	**2019**
	$'000	**$'000**
Supreme Ventures Racing and Entertainment Limited	436,779	-
Less: Provision for expected credit losses	(16,207)	-
	420,572	-

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3. Financial Risk Management (Continued)

(b) Liquidity risk
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.

There has been no material change in the Group's exposure to liquidity risk or the manner in which it measures and manages liquidity risk.

(i) Management of liquidity risk

The Board of Directors approves the Group's liquidity and funding management policies and establishes risk limits.

The Group's Finance Department has direct responsibility for the management of the day-to-day liquidity. The Audit Committee provides added oversight over the Group's liquidity risk exposure, within the policy and limits frameworks established by the Board.

The management of liquidity risk is carried out through various methods which include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow within the local and international markets;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Maintenance of liquidity and funding contingency plans.

An analysis of the undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position. The Group does not expect that its creditors will demand the payment of funds at the earliest date possible.

The Group

	Less than 6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Over 5 Years $'000	Total Contractual Cashflows	Carrying amount (assets)/ Liabilities $'000
				2020			
Prize liabilities	600,455	-	-	-	-	600,455	600,455
Trade and other payables	2,789,223	-	-	-	-	2,789,223	2,789,223
Contract liabilities	4,342	-	-	-	-	4,342	4,342
Long term payables	118,289	165,331	294,343	4,084,565	588,475	5,251,003	4,913,769
Lease liabilities	87,225	75,346	126,602	293,923	439,461	1,022,557	922,277
	3,599,534	240,677	420,945	4,378,488	1,027,936	9,667,580	9,230,066
				2019			
Prize liabilities	532,173	-	-	-	-	532,173	532,173
Trade and other payables	1,792,307	-	-	-	-	1,792,307	1,792,307
Long term payables	41,499	59,619	299,304	767,382	743,105	1,910,909	1,522,813
Lease liabilities	105,311	69,593	153,078	313,483	912,233	1,553,698	837,452
	2,471,290	129,212	452,382	1,080,865	1,655,338	5,789,087	4,684,745

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

The Company

	Less than 6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Over 5 Years $'000	Total Contractual Cashflows	Carrying amount (assets)/ Liabilities $'000
				2020			
Trade and other payables	136,762	-	-	-	-	136,762	136,762
Due to related party	203,569	-	-	-	-	203,569	203,569
Long term payables	112,641	157,697	270,337	4,055,637	558,712	5,155,024	4,840,219
Lease liabilities	3,764	5,434	9,468	5,598	-	24,264	22,377
	456,736	163,131	279,805	4,061,235	558,712	5,519,619	5,202,927
				2019			
Trade and other payables	103,397	-	-		-	103,397	103,397
Due to related party	75,199	-	-		-	75,199	75,199
Long term payables	36,688	52,883	288,089	732,584	701,361	1,811,605	1,450,000
	215,284	52,883	288,089	732,584	701,361	1,990,201	1,628,596

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Board and management have responsibility for the monitoring of market risk exposures by way of measurements through sensitivity analysis. Market information and additional analysis are also used to manage risk exposure and mitigate the limitation of sensitivity analysis.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures risk.

(i) Foreign currency risk

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

The Group is exposed to foreign currency risk as a result of transactions that are denominated in a currency other than the Jamaica dollar. The main currency giving rise to the exposure in the current year was the United States dollar.

Foreign currency risk management

The Group manages its foreign currency risk by ensuring that the net exposure in foreign currency denominated assets and liabilities is kept to an acceptable level by monitoring currency positions.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The following table summarises the Group's exposure to foreign currency exchange rate risk:

	The Group	
	2020	2019
	USD	USD
	J$'000	J$'000
Assets		
Cash and cash equivalents	3,123,578	479,850
	3,123,578	479,850
Liabilities		
Trade and other payables	(44,217)	(81,270)
	(44,217)	(81,270)
Net exposure	3,079,361	398,580

	The Company	
	2020	2019
	USD	USD
	J$'000	J$'000
Assets		
Cash and cash equivalents	2,007,388	12,968
Liability		
Trade and other payables	(686)	(2,872)
Net exposure	2,006,702	10,096

3. Financial Risk Management (Continued)

(c) Market risk (continued)

The Group's sensitivity to a 2% revaluation or 6% devaluation (2019: 4% revaluation or 6% devaluation) of the Jamaica dollar against the USD is demonstrated below and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign-currency-denominated monetary items and adjusts the translation at period end for a 2% increase or 6% decrease (2019: 4% increase or 6% decrease) in the foreign exchange rates.

The increase or decrease in the relative value of the Jamaica dollar on the foreign currency exposure would have an effect on profit/loss before tax as reflected below:

	The Group			
	2020		2019	
	Devaluation	Revaluation	Devaluation	Revaluation
	6%	(2%)	6%	(4%)
	$'000	$'000	$'000	$'000
USD	184,762	(61,587)	23,915	(15,943)

	The Company			
	2020		2019	
	Devaluation	Revaluation	Devaluation	Revaluation
	6%	(2%)	6%	(4%)
	$'000	$'000	$'000	$'000
USD	120,402	(40,134)	606	(404)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Mismatch of positions between assets and liabilities in periods of rising or declining interest rates may also result in loss of earnings. Management sets limits on the level of mismatch of interest rate re-pricing that may be undertaken. This is monitored on a periodic basis.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Management of interest rate risk

Interest rate risk exposure is measured using sensitivity analysis.

	The Group		The Company	
	Carrying value		Carrying value	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fixed rate instruments:				
Financial assets	2,308,947	1,695,128	1,410,428	37,221
Financial liabilities	5,970,051	2,304,591	4,862,597	1,450,000
Variable rate:				
Financial assets	2,404,312	649,813	1,863,627	328,462

Interest rate sensitivity analysis

Interest rate sensitivity has been determined based on the exposure to interest rates for the Group's long-term loan receivable and short-term deposits at the end of the reporting period as these are substantially the interest sensitive instruments impacting the Group's financial results. For floating rate assets, the analysis assumes the amount of asset outstanding at the statement of financial position date was outstanding for the whole period. A 100 basis point increase or 100 basis point decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

If market interest rates had been 100 basis points higher or lower and all other variables were held constant, the effect on the Group's profit before tax would have been as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Effect of increase of 100 basis points (2019:100 basis points on profit) on profit	24,043	6,498	18,636	3,285
Effect of decrease of 100 basis points (2019:100 basis points on profit) on profit	(24,043)	(6,498)	(18,636)	(3,285)

(d) Capital management

The capital structure of the Group consists of equity attributable to the stockholders of the parent company comprising issued capital, reserves and retained earnings.

The Group's objectives when managing its capital structure, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To comply with the capital and cash reserve requirements set by the regulators;

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business in accordance with licensing requirements.

There were no other material changes to the Group's approach to capital management during the year. The Group is exposed to externally imposed capital requirements through debt covenants as outlined in the loan agreement with Sagicor and Barita Investments. The financial covenants include: the Minimum debt service coverage ratio, Current ratio, maximum leverage ratio, maintenance of minimum cash balance, minimum interest coverage and maximum debt to Earnings before Interest, Tax, Depreciation and Amortization. The Group was in compliance with the financial covenants as at the year end.

3. Financial Risk Management (Continued)

(e) 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If it is determined that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

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 premiums 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.

3. Financial Risk Management (Continued)

(e) Fair value measurement(continued)

The following methods and assumptions have been used:

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

(ii) The carrying value of long-term receivables, contingent consideration payable, long-term payables and prize liabilities approximate their fair values as they are carried at amortised cost and the interest rates are reflective of current market rates for similar transactions.

As at the reporting date, the Group has contingent consideration payable under the Caymanas Track Limited deed. (See note 36)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The key sources of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements, or which have a risk of material adjustment in the next year, are as follows:

(i) Revaluation of investment properties

The Group uses a professional valuator to determine the fair value of its investment properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

(ii) Impairment of goodwill and intangible assets

Impairment of goodwill and intangible assets is dependent upon management's internal assessment of future cash flows from the cash-generating units that gave rise to the goodwill and intangible assets. That internal assessment determines the amount recoverable from future use of those units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rates used.

(iii) Allowance for expected credit losses on receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation, based on the Group's 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 Note 3.

(iv) *Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of administrative offices, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(v) *Income taxes*

The Group is subject to income taxes in the jurisdictions it operates. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group has recognised deferred tax assets on tax losses carried forward as it anticipates making future taxable income to offset these losses. The Group continues to assess the impact of the losses carried forward for those amounts not currently recognized in the financial statements.

(vi) *Asset acquisition versus Business Combination*

In determining if the acquisition of selected assets of Champion Gaming met the definition of a business, the Group assessed the inputs, processes and outputs and whether or not Supreme Route Limited has significant control over these activities. The Group treated the transaction as a business combination in accordance with IFRS 3 – Business Combination standard.

Supreme Route Limited) acquired a number of gaming machines with the gaming software which operates these machines. The machines are branded “Champion” to which the agent network and customers are familiar, and this trade name was retained as a part of the acquisition. The acquisition came with the following:

- existing agent network of a number of locations which sells the product as well as the existing human resource from the prior entity, and

- the operating processes and protocols for machine operation and maintenance as well as the processes surrounding revenue generation via the machines and recognition and reconciliation processes based on the activity of the machine.

(vii) Revenue recognition – distribution of telecommunication products

A portion of the Group’s revenue arises from the distribution of airtime (via phone cards and electronic pins) for certain telecommunications companies. Management has considered the guidance in IFRS 15, ‘Revenue from Contracts with Customers’, to determine whether the Group is acting as a principal or an agent in the distribution of these products.

Management has determined that the Group is acting as principal and the gross presentation of revenue more faithfully represents the substance of the arrangements for distribution of airtime as:

i. The entity is primarily responsible for fulfilling the promise to provide the specified good or service. This typically includes responsibilities for acceptability of the specified good or service (for example, primary responsibility for the good or service meeting customer specification);

ii. The entity has inventory risk before the specified good or service has been transferred to a customer, or after transferring the control to the customer (for example, if the customer has a right of return);

iii. The entity has discretion in establishing the prices for the specified goods or services.

This determination involves the exercise of significant judgement. Had management determined that the Group was acting in the capacity of an agent in the distribution of airtime, revenue and direct expenses would have been reported on a net basis as commission income. Accordingly, revenue and direct expenses would have been reduced by $11,624,441,000 (2019: $11,351,275,000) and $10,768,889,000 (2019: $10,520,546,000).

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5. Segment Reporting

	2020				
	Lottery	**Sports Betting**	**Pin Codes**	**Unallocated**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Non-fixed odd wagering games	3,271,683	7,680,982	11,624,441	269,334	22,846,440
Income from fixed odd wagering games	15,824,796	688,960	-	-	16,513,756
Total gaming income	19,096,479	8,369,942	11,624,441	269,334	39,360,196
Result					
Segment result	4,197,386	338,515	256,587	(1,015,266)	3,777,222
Interest income					68,268
Other gains					58,400
Net foreign exchange loss					(31,089)
Finance costs					(238,783)
Revaluation loss on investment property					(34,946)
Profit before taxation					3,599,071
Taxation					(1,178,124)
Profit for the year					2,420,947
Other information					
Capital expenditure	46,415	1,037,675	-	335,756	1,419,846
Depreciation, amortisation and write-offs	145,535	370,185	-	215,109	730,829
Segment assets	2,664,013	5,628,775	1,232,366	6,052,655	15,577,810
Segment liabilities	1,702,840	1,421,525	1,135,367	5,346,739	9,606,471

The format of the segment report was changed during the year to include Horseracing and Video Lottery Terminals as part of Sports Betting. This is due to a change in the way in which the business is monitored by the Chief Decision Maker including the reports used to facilitate management of the segments. Each area now has a General Manager with responsibility for tracking performance against targeted objectives and reporting such performance to the Executive Chairman.

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5. Segment Reporting (Continued)

Restated 2019

	Lottery	Sports Betting	Pin Codes	Others	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000
Non-fixed odd wagering games	3,606,036	7,928,794	11,351,275	403,396	-	23,289,501
Income from fixed odd wagering games	14,631,709	595,100	-	-	-	15,226,809
Total gaming income	18,237,745	8,523,894	11,351,275	403,396	-	38,516,310
Result						
Segment result	3,389,073	(81,689)	132,790	6,180	(16,220)	3,423,954
Interest income						69,231
Other gains						104,876
Net foreign exchange loss						(31,684)
Finance costs						(114,113)
Revaluation gain on investment property						9,446
Profit before taxation						3,461,710
Taxation						(988,076)
Profit for the year						2,473,634
Other information						
Capital expenditure	325,427	441,281	-	-	95,780	862,488
Depreciation, amortisation and write-offs	135,769	282,467	-	-	4,675	422,911
Segment assets	2,509,155	2,486,332	995,600	-	3,430,593	9,421,680
Segment liabilities	1,187,604	1,213,183	813,940	-	2,142,323	5,357,050

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5. Segment Reporting (Continued)

	Segment Results		Segment Assets		Segment Liabilities	
		Restated		Restated		Restated
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	'$000	$'000	$'000
Total for reportable segments	4,792,488	3,440,174	9,525,155	5,991,087	4,259,732	3,214,727
Unallocated amounts:						
Selling, general and administrative expenses	(1,015,206)	(21,270)	-	-	-	-
Direct costs	(1,140)	(34,362)	-	-	-	-
Revenue from non-fixed odd wagering games	1,080	39,412	-	-	-	-
Property, plant and equipment	-	-	248,953	166,631	-	-
Investment properties	-	-	867,000	901,946	-	-
Goodwill and intangible assets	-	-	1,309,511	1,083,619	-	-
Financial assets at amortised cost	-	-	1,883	1,883	-	-
Deferred tax assets	-	-	-	1,186	-	-
Inventories	-	-	775	1,481	-	-
Trade and other receivables	-	-	165,809	888,289	-	-
Taxation recoverable	-	-	22,670	8,512	-	-
Restricted cash	-	-	52,932		-	-
Cash and cash equivalents	-	-	3,383,122	377,046	-	-
Prize liabilities	-	-	-	-	418,853	690,793
Current portion of lease liabilities	-	-	-	-	8,631	1,530
Current portion of long-term loans	-	-	-	-	216,864	89,571
Long-term payables	-	-	-	-	4,623,355	1,360,429
Lease liabilities	-	-	-	-	14,461	-
Deferred tax liability	-	-	-	-	64,575	-
Total unallocated amounts	(1,015,266)	(16,220)	6,052,655	3,430,593	5,346,739	2,142,323
Total per financial statements	3,777,222	3,423,954	15,577,810	9,421,680	9,606,471	5,357,050

6. Revenue - Non-Fixed Odd Wagering Games, Horse Racing and Pin Codes

The group recognised non-fixed odds revenue of $22.85 billion in 2020 (2019: $23.29 billion).

Revenue is recognised at a point in time. Tickets purchased prior to year end for which draws remain open have been reflected as contract liabilities.

7. Income from Fixed Odd Wagering Games

The group recognised gross sales from fixed odds wagering games of $53.47 billion (2019: $49.89 billion) and after prize pay-outs of $36.95 billion (2019: $34.66 billion), resulting in net gaming income of $16.51 billion (2019: $15.23 billion)

Positions placed during the year for which draws have not been completed at the year end are reflected as contract liabilities.

8. Income

	The Company	
	2020	2019
	$'000	$'000
Gain on disposal of property, plant and equipment	510	1,642
Management fee income	476,141	434,193
Dividend income	2,108,000	2,541,078
Miscellaneous income	77	-
	2,584,728	2,976,913

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9. Direct Costs

	The Group	
	2020	2019
	$'000	$'000
Lottery and Sports betting prizes	1,454,623	1,408,314
Horseracing dividends	4,330,615	5,047,042
Pin Codes	10,768,889	10,520,546
Gross Profit surcharge	3,775,835	3,737,421
Agents' commissions	3,898,557	3,268,413
Service contractor fees	2,743,926	2,667,882
Good cause fees	1,934,474	1,860,223
Contributions to Guyana Gaming Authority	1,877	174
Contributions to BGLC	978,556	941,671
Horseracing purse fees	506,391	726,115
Horseracing satellite services	81,446	300,757
Contributions to JRC	62,729	74,992
Others	70,524	60,486
	30,608,442	30,614,036

10. Other Income

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest income	68,268	69,231	97,097	14,778
Rental income	37,800	36,958	-	-
Gain on disposal of property, plant and equipment	1,264	1,660	-	-
Miscellaneous income	19,336	66,258	-	-
	126,668	174,107	97,097	14,778

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11. Expenses by Nature/ Selling, General and Administrative Expenses

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Staff costs (Note 12)	1,711,120	1,571,248	117,403	146,789
Rental and utilities	398,536	341,415	11,156	5,547
Auditors' remuneration	49,620	41,227	11,356	16,298
Depreciation and amortisation (Note 17 & 19)	726,294	422,911	16,069	11,179
Professional fees	418,224	233,713	316,663	97,723
Marketing and business development	320,666	423,139	19,894	13,594
Draw expenses	253,966	224,380	-	-
Subscription and donations	183,869	207,478	2,967	9,155
GCT irrecoverable	151,014	164,453	37,912	17,815
Security	106,515	129,772	6,107	7,777
Licences and other fees	119,030	100,400	260	168
Local and foreign travel	21,260	42,350	142	2,125
Repairs and maintenance	149,521	191,621	1,152	76
Equipment and motor vehicle expenses	36,788	21,869	1,046	1,298
Directors' fees	113,171	106,966	81,483	80,732
Bank charges	61,971	51,499	3,341	848
Internal audit remuneration	(2,141)	2,134	(2,141)	2,134
Administrative expenses	97,218	116,594	13,016	11,874
Insurance	28,277	38,005	1,471	1,763
Net impairment losses on financial assets	22,057	41,426	16,207	-
Shared Services Recharge	-	-	109,045	-
Others	7,558	5,720	777	671
	4,974,534	4,478,320	765,326	427,566

Supreme Ventures Limited
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12. Staff Costs

Staff costs comprise:

	The Group		The Company	
	2020 **$'000**	**2019** **$'000**	**2020** **$'000**	**2019** **$'000**
Salaries and wages	1,275,778	1,198,904	88,021	99,094
Payroll taxes – employer's portion	136,094	133,810	9,811	15,344
Pension costs – defined contribution	44,112	26,957	-	233
Long-term incentive plan	30,786	-	-	-
Allowances and benefits	132,914	144,781	3,076	7,830
Other	91,436	66,796	16,495	24,288
	1,711,120	1,571,248	117,403	146,789

Included in allowances and benefits are staff meals, and health and life insurance costs.

13. Finance Costs

	The Group		The Company	
	2020 **$'000**	**2019** **$'000**	**2020** **$'000**	**2019** **$'000**
Interest on bank overdraft and long-term loans	159,892	39,936	154,269	36,172
Interest expense for leases	78,891	74,177	368	-
Net foreign exchange losses	31,089	31,684	45,523	1,258
	269,872	145,797	200,160	37,430

14. Taxation

Taxation is based on profit before tax and comprises:

	The Group		The Company	
	2020 **$'000**	**2019** **$'000**	**2020** **$'000**	**2019** **$'000**
Current tax	1,230,433	937,509	11,379	19,107
Deferred tax (Note 22)	(52,309)	50,567	(39,109)	1,924
	1,178,124	988,076	(27,730)	21,031

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14. Taxation (Continued)

The tax on the profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Profit before tax	3,599,071	3,461,710	1,732,546	2,526,695
Tax calculated at 25%	899,768	865,428	432,055	631,673
Expenses not deductible for tax purposes	86,177	28,439	67,998	18,160
Income not subject to tax	-	-	(527,000)	(635,269)
Tax in respect of prior years	11,380	5,490	11,380	7,555
Net employment tax credit (ETC clawback)	78,006	(51,685)	-	-
Tax losses not recognised:	90,627	77,948	-	-
Reconciliation differences due to difference in tax rates	5,742	3,840	-	-
Other charges and credits	6,424	58,616	(12,163)	(1,088)
Tax charge	1,178,124	988,076	(27,730)	21,031

(a) Tax losses of the Group amounting to $1.18 billion (2019: $789 million) subject to agreement with tax authorities in Jamaica and Guyana are available for set-off against future taxable profits of certain subsidiaries. Unutilised tax losses can be carried forward indefinitely and can be used to offset up to 50% of each year's taxable profits.

(b) A deferred tax asset of $295.4 million (2019: $222.6 million) in certain subsidiaries has not been recognised, as directors and management are of the view that the entities are in the development phase and the strategies initiated to utilise the deferred tax asset are still in progress.

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15. Net Profit and Retained Earnings

The net profit and retained earnings attributable to the shareholder of the Group are reflected in the accounts of the Company and its subsidiaries as follows:

Net profit	2020 $'000	2019 $'000
The Company	1,744,069	2,505,664
Less Dividend Income from subsidiaries	(2,108,000)	(2,541,078)
Less Management fee income from subsidiaries	(476,141)	(434,193)
Less Interest income from subsidiaries	(92,047)	(13,525)
Add Shared Service Charge expenses	109,045	-
The Company	(823,074)	(483,132)
Subsidiaries	3,200,568	2,924,948
	2,377,494	2,441,816

	2020 $'000	2019 $'000
Retained earnings		
The Company	1,093,419	1,251,865
Subsidiaries	1,028,664	414,754
	2,122,083	1,666,619

16. Earnings per Stock Unit

Earnings per stock unit is calculated by dividing the net profit attributable to shareholders, by the weighted average number of ordinary shares in issue during the year.

	2020 $'000	2019 $'000
Profit for the year attributable to ordinary shareholders	2,377,494	2,441,816
Number of shares	2,637,255	2,637,255
Total earnings per share attributable to ordinary share holders	**90.15 cents**	**92.59 cents**

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17. Property and Equipment

	Freehold Land $'000	Freehold Buildings $'000	Leased Property $'000	Leasehold Improvements $'000	Leased Tote Equipment $'000	Video Lottery Terminal Equipment $'000	Furniture, Fixtures, Machinery & Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Arts & Paintings $'000	Signs & Posters $'000	Capital Work-in-Progress $'000	Total $'000
Cost													
December 31, 2018	13,000	56,825	417,911	402,181	-	378,570	906,692	107,666	110,004	2,850	10,525	88,620	2,494,844
Additions	-	1,878	247,946	42,921	-	43,520	107,995	51,462	50,918	-	12,643	68,148	627,431
Acquisitions through business combinations	-	121,961	222,228	29,499	-	-	103,305	27,552	12,610	-	6,786	-	523,941
Transfers (i)	-	2,787	-	11,075	-	-	43,682	22,978	-	-	792	(144,659)	(63,345)
Transfer previously existed finance leases (i)	-	-	5,291	(5,291)	101,185	-	(101,185)	-	-	-	-	-	-
Disposals/Write-offs	-	-	-	-	-	-	(2,374)	(451)	(21,700)	-	-	-	(24,525)
December 31,2019	13,000	183,451	893,376	480,385	101,185	422,090	1,058,115	209,207	151,832	2,850	30,746	12,109	3,558,346
Additions	-	-	235,326	37,925	-	-	299,066	45,373	62,635	-	1,079	703,226	1,384,630
Acquisitions through business combinations	-	-	-	-	-	-	286,261	508	6,606	-	-	-	293,375
Foreign exchange adjustment	-	-	5,967	1,686	-	-	2,773	1,174	262	-	569	56	12,487
Transfers (i)	-	9,620	-	20,181	-	262,678	3,007	4,293	-	-	-	(494,061)	(194,282)
Disposals/Write-offs	-	-	(16,901)	-	-	-	(93)	(528)	(10,041)	-	-	-	(27,563)
December 31, 2020	13,000	193,071	1,117,768	540,177	101,185	684,768	1,649,129	260,027	211,294	2,850	32,394	221,330	5,026,993
Accumulated depreciation													
December 31,2018	-	10,293	25,539	314,790	-	310,176	474,469	68,167	49,057	-	3,191	-	1,255,682
Depreciation	-	3,036	118,835	33,853	20,237	28,437	87,722	25,892	21,300	-	2,678	-	341,990
Acquisitions through business combinations	-	254	21,176	19,772	-	-	68,592	23,562	10,425	-	2,767	-	146,548
Transfer previously existed finance leases	-	-	882	(882)	8,432	-	(8,432)	-	-	-	-	-	-
Disposals/Write-offs	-	-	-	-		-	(1,463)	(238)	(12,758)	-	-	-	(14,459)
December 31, 2019	-	13,583	166,432	367,533	28,669	338,613	620,888	117,383	68,024	-	8,636	-	1,729,761
Depreciation	-	4,674	146,309	32,615	20,237	32,789	162,240	38,006	28,826	-	5,268	-	470,964
Foreign exchange adjustment	-	-	869	181	-	-	178	63	44	-	27	-	1,362
Disposals/write-offs	-	-	(3,726)	-	-	-	-	(528)	(10,041)	-	-	-	(14,295)
December 31,2020	-	18,257	309,884	400,329	48,906	371,402	783,306	154,924	86,853	-	13,931	-	2,187,792
Net book values													
December 31, 2020	13,000	174,814	807,884	139,848	52,279	313,366	865,823	105,103	124,441	2,850	18,463	221,330	2,839,201
December 31, 2019	13,000	169,868	726,944	112,852	72,516	83,477	437,227	91,824	83,808	2,850	22,110	12,109	1,828,585

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17. Property and Equipment (Continued)

The Company

	Freehold Land $'000	Freehold Buildings $'000	Leased Property $'000	Leasehold Improvements $'000	Furniture, Fixtures, Machinery & Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Art & Paintings $'000	Capital Work in Progress $'000	Total $'000
Cost										
December 31,2018	13,000	56,824	-	2,317	24,531	514	22,372	2,543	52,177	174,278
Additions	-	-	-	-	1,215	494	-	-	5,050	6,759
Transfers	-	2,787	-	(2,317)	-	-	-	-	(57,227)	(56,757)
Disposal/Write-offs	-	-	-	-	-	(451)	(18,500)	-	-	(18,951)
December 31, 2019	13,000	59,611	-	-	25,746	557	3,872	2,543	-	105,329
Additions	-	759	25,718	9,216	1,959	-	-	-	191,550	229,202
Transfers	-	9,620	-	-	-	-	-	-	(191,055)	(181,435)
Disposal/Write-offs	-	-	-	-	-	-	(2,891)	-	-	(2,891)
December 31, 2020	13,000	69,990	25,718	9,216	27,705	557	981	2,543	495	150,205
Accumulated depreciation										
December 31, 2018	-	10,346	-	-	11,204	260	13,123	-	-	34,933
Depreciation	-	1,490	-	-	3,153	47	307	-	-	4,997
Disposal/Write-offs	-	-	-	-	-	(238)	(9,558)	-	-	(9,796)
December 31, 2019	-	11,836	-	-	14,357	69	3,872	-	-	30,134
Depreciation	-	1,578	2,858	656	3,598	173	-	-	-	8,863
Disposal/Write-offs	-	-	-	-	-	-	(2,891)	-	-	(2,891)
December 31, 2020	-	13,414	2,858	656	17,955	242	981	-	-	36,106
Net book values	-	-		-	-	-	-	-		-
December 31, 2020	13,000	56,576	22,860	8,560	9,750	315	-	2,543	495	114,099
December 31, 2019	13,000	47,775	-	-	11,389	488	-	2,543	-	75,195

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17. Property and Equipment (Continued)

Rights-of-use assets

(i) Amounts recognised in the statement of financial position

a) The statement of financial position shows the following amounts relating to leases:

	The Group	
Right-of-use assets	**2020 $'000**	**2019 $'000**
Buildings	807,884	726,944
Equipment	52,279	72,516
	860,163	799,460

	The Company	
Right-of-use assets	**2020 $'000**	**2019 $'000**
Buildings	22,860	-
	22,860	-

b) Capital Work in Progress was transferred during the year as follows:

	The Group	
	2020 $'000	**2019 $'000**
Capitalized spend expensed	-	205
Property Plant & equipment	299,779	81,314
Intangible Asset	194,282	63,140
Transferred Amount	494,061	144,659

	The Company	
	2020 $'000	**2019 $'000**
Capitalized spend expensed	-	-
Property Plant & equipment	9,620	470
Intangible Asset	181,435	56,757
Transferred Amount	191,055	57,227

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17. Property and Equipment (Continued)

Rights-of-use assets (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	2020 $'000	2019 $'000
Buildings	146,309	140,010
Equipment	20,237	20,237
	166,546	160,247

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

- any lease payments made at the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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18. Investment Properties

(i) Non-current assets at fair value

	2020 $'000	2019 $'000
Opening balance at 1 January	901,946	892,500
Net (Loss)/Gain from fair value adjustments	(34,946)	9,446
Closing balance at 31 December	867,000	901,946

Investment properties include the Group's interest in freehold land held by Jonepar Development Limited, a related party, amounting to $65.0 million (2019: $72.5 million). The properties were valued by independent valuators, Allison Pitter & Company as at November 16, 2020, who estimated a value of $867 million (2019: $901.9 million). This is categorised as level 3 in the fair value hierarchy.

The Group has leased its investment property to Exodus Gaming and Entertainment Limited (Exodus) for an initial period of fifteen years commencing on August 11, 2015 with an option to renew the lease for a further fifteen years.

Exodus also has the option to purchase the property at any time after the fifth anniversary of the commencement date at a price to be agreed between Exodus and PSJL within sixty days of the option notice being served. If no agreement is reached within the stipulated time, then the price will be the higher of US$4,500,000 or the market value on the date of the option notice, as determined by independent valuators.

Rental income of $26 million (2019: $25 million) was earned from investment properties for the current reporting period. Direct operating expenses incurred during the year in relation to investment properties amounted to $ 3.92 million (2019: $4.38 million).

The following table analyses the investment properties carried at fair value, by valuation method.

Fair value at December 2020 $'000	Fair value at December 2019 $'000	Valuation Technique (s)	Unobservable inputs	Range of unobservable inputs (Probability-weighted average)	Relationship of unobservable inputs to fair value	Sensitivity $'000
802,000	850,000	Investment approach	Capitalization rate	• 7% - 9%	If the capitalization rate increases/decreases by 1%, the fair value will decrease/increase by	4,170
			Discount rates	• 6.5% - 7%	If the discount rate increases/decreases by 1%, the fair value will decrease/increase by	4,106
65,000	51,946	Market comparison approach with a residual approach	Capital value per square foot	• $32,400 - $40,000 capital value per square foot	If the capital value per square foot increases/decreases by 1%, the fair value will increase/decrease by	3,562
			Basic building cost	• $14,750 per square foot	If the basic building cost increases/decreases by 1%, the fair value will decrease/increase by	1,248
867,000	901,946					

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18. Investment Properties (Continued)

Lessor arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for the contract include CPI increases of 2% annually, but there are no other variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current lease, the current lease arrangement states that the original term of the lease is fifteen (15) years with an option to renew the lease for a further fifteen (15) years.

Expectations about the future residual values are reflected in the fair value of the properties

Minimum lease payments receivable on leases of investment properties are as follows

	2020 $'000	2019 $'000
Within 1 Year	32,470	29,631
Between 1 and 2 years	32,120	30,224
Between 2 and 3 years	33,782	30,828
Between 3 and 4 years	34,458	31,445
Between 4 and 5 years	35,147	32,073
Later than 5 years	178,451	184,393
	346,428	338,594

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19. Goodwill and Intangible Assets

	The Group							The Company			
	Computer & Gaming Software	Trademarks & Licences	Branch Network	Non-Competitive Agreement	Software Usage Rights	Goodwill	Total	Computer Software	Trademarks	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost											
December 31, 2018	105,445	450,558	-	-	80,558	189,953	826,514	6,256	141	189,953	196,350
Acquisition of subsidiary	4,881	97,000	407,000	39,000	-	261,360	809,241	-	-	-	-
Additions	7,260	423	-	-	-	-	7,683	-	98	-	98
Transfers	63,140	-	-	-	-	-	63,140	56,757	-	-	56,757
Adjustments (i)	-	(2,946)	-	-	-	-	(2,946)	-	-	-	-
December 31,2019	180,726	545,035	407,000	39,000	80,558	451,313	1,703,632	63,013	239	189,953	253,205
Acquisition of subsidiary	207,960	121,000	620,000	89,000	-	1,602,626	2,640,586	-	-	-	-
Additions	34,872	344	-	-	-	-	35,216	456	10	-	466
Transfers	194,282	-	-	-	-	-	194,282	181,434	-	-	181,434
Foreign exchange adjustment	32	-	-	-	-	-	32	-	-	-	
Disposals/Write-off	(4,910)	(59)	-	-	-	-	(4,969)	-	(59)	-	(59)
December 31,2020	612,962	666,320	1,027,000	128,000	80,558	2,053,939	4,568,779	244,903	190	189,953	435,046
Accumulated Amortisation											
December 31, 2018	83,595	381,469	-	-	64,448	-	529,512	4,337	23	-	4,360
Amortisation	21,051	18,762	18,498	6,500	16,110		80,921	6,175	7	-	6,182
December 31,2019	104,646	400,231	18,498	6,500	80,558	-	610,433	10,512	30	-	10,542
Amortisation	67,562	31,268	99,000	57,500	-	-	255,330	7,187	19	-	7,206
Foreign exchange adjustment	7	-			-	-	7	-	-	-	-
December 31,2020	172,216	431,499	117,498	64,000	80,558	-	865,770	17,699	49	-	17,748
Carrying values											
December 31, 2020	440,746	234,821	909,502	64,000	-	2,053,939	3,703,009	227,204	141	189,953	417,298
December 31, 2019	76,080	144,804	388,502	32,500	-	451,313	1,093,199	52,501	209	189,953	242,663

(i) Capitalized spend transferred to expense.

19. Goodwill and Intangible Assets (Continued)

(a) The amortisation of computer software, trademarks and licences, branch network, non-competitive agreement and software usage rights is included in operating expenses (note 11).

(b) Goodwill

	The Group	
	2020	**2019**
	$'000	**$'000**
Lotteries	189,953	189,953
Post to Post Betting Limited	261,360	261,360
Supreme Route Limited	1,602,626	-
	2,053,939	451,313

	The Company	
	2020	**2019**
	$'000	**$'000**
Lotteries	189,953	189,953

The goodwill impairment test is carried out by comparing the recoverable amount of the Group's cash-generating unit (CGU) to which goodwill has been allocated, to the carrying amount of that CGU. The CGU recognising goodwill for the Group are Lottery, Post to Post Betting Limited and Supreme Route Limited.

Management has determined that goodwill at December 31, 2020 is not impaired based on an assessment of the recoverable amount of the CGU. The recoverable amount of the CGU was determined based on value-in-use calculations. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The key assumptions used in the estimation of value-in-use were as follows:

	The Group and the Company				
	Supreme Route Limited	**Post to Post Betting Limited**		**Lottery**	
	2020	**2020**	**2019**	**2020**	**2019**
Pre-tax discount rate	20.4%	21.1%	19.5%	27.1%	25.8%
Terminal value growth rate	2.0%	5.0%	2.0%	2.0%	4.7%
EBITDA growth rate in terminal year	3.0%	3.0%	4.0%	3.5%	4.7%

(c) If the terminal value growth rate had been 1% (2019 - 1%) lower than management's estimates for the Post to Post Betting Limited CGU, the Group would have an excess over the carrying value of goodwill and intangible assets of $50,579,000 (2019- $600,000) and therefore no impairment would have been recognised in 2020 but impairment of $600,000 would have been recognised in 2019. If the pre-tax discount rate had been 1% higher than management's estimates, the Group would have impairment of $18,702,000 (2019- $17,047,000). If the EBITDA growth rate in terminal year had been 1% (2019 - 1%) lower than management's estimates for the Post to Post Betting Limited CGU, the Group would have an excess over the carrying value of goodwill and intangible assets of $149,744,000 (2019- $21,400,000) and therefore no impairment would have been recognised.

(d) If the terminal value revenue growth rate had been 1% lower than management's estimates for the Supreme Route Limited CGU, the Group would have an excess over the carrying value of goodwill and intangible assets of $852,000 and therefore no impairment would have been recognised. If the pre-tax discount rate had been 1% higher than management's estimates, the Group would have impairment of $29,898,000. If the EBITDA growth rate in terminal year had been 1% (2019 - 1%) lower than management's estimates for the Supreme Route Limited CGU, the Group would have an excess over the carrying value of goodwill and intangible assets of $15,216,000 and therefore no impairment would have been recognised.

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20. Long-Term Receivables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
(a) Island Holdings Limited	29,075	29,610	-	-
(b) Supreme Ventures Racing & Entertainment Limited	-	-	436,779	331,348
Less Provision for expected credit losses	-	-	(16,207)	-
	29,075	29,610	420,572	331,348
(c) Prime Sports (Jamaica) Limited	-	-	649,032	-
	29,075	29,610	1,069,604	331,348
Less: Current portion	(1,117)	(1,117)	(4,326)	-
	27,958	28,493	1,065,279	331,348

(a) Island Holdings Limited (IHL)

On April 27, 2015, IHL purchased the shares of Exodus Gaming and Entertainment Limited (Exodus), which was incorporated by PSJL on February 20, 2015, for US$300,000. Payment of the sale proceeds commenced on February 1, 2016 and is to be paid in 121 instalments of US$750 per month for the first five years and US$1,500 for the next five years with a final lump sum payment of US$165,000. No interest is charged on the outstanding balance, but overdue payments attract interest at twelve (12) percent per annum from the due date of payment until the past due amount is settled.

As the receivable is interest-free it has been re-measured in accordance with IFRS 9, with interest being imputed based on an appropriate market rate. The imputed interest is being amortised over the repayment period and the amount shown is net of the unamortised discount of $2.7 million (2019: $3.2 million) at the reporting date using the effective interest method.

The balance outstanding is secured by a charge on the shares in Exodus. The sale agreement also requires an option to purchase in which IHL or its nominee was granted an option to purchase at an option price of US$1.00, PSJL's interest in Jonepar Development Limited and a licence agreement permitting IHL or its nominee to use lands owned by Jonepar for parking purposes (note 18).

(b) Supreme Ventures Racing & Entertainment Limited

This represents intercompany balance from subsidiary Supreme Ventures Racing & Entertainment Limited which was converted to a loan facility with interest accruing at a rate of 4% per annum. Principal payments are to be made on a quarterly basis and is expected to mature in 2046.

(c) Prime Sports (Jamaica) Limited

This represents loan facility with subsidiary Prime Sports (Jamaica) Limited which was used support the acquisition of the majority shareholdings which was converted to a loan facility with interest accruing at a rate of 7.50% per annum. Principal payments are made on a quarterly basis and is expected to mature in 2029.

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21. Other Investments

This represents cash invested by the Group to fund prize liabilities associated with the PayDay game. The Group has contracted with a licensed security dealer to act as the investment manager and paying agent to fulfil the prize liability stream consequent on PayDay wins. At the reporting date, the sums were invested in a resale agreement, the fair value of underlying securities of which was $16,896,000 (2019: $17,911,100).

22. Deferred Tax Balances

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax balances	(59,398)	101,058	40,296	1,186

Deferred taxation is attributable to the following:

(a) Group

	2020	**2019**
	$'000	**$'000**
Property and equipment	101,387	96,323
Investment properties	36,257	37,188
Intangible assets	(277,800)	(69,233)
Trade and other receivables	(85)	(1,259)
Trade and other payables	(805)	184
Tax losses	50,559	31,156
Other	31,089	6,699
Net asset	(59,398)	101,058

(i) Net deferred tax is recognised in the Group Statement of Financial Position, as follows:

	2020	**2019**
	$'000	**$'000**
Deferred tax assets in Company	40,296	1,186
Deferred tax assets in subsidiaries	168,292	99,872
Total deferred tax assets	208,588	101,058
Set off of deferred tax liabilities in subsidiaries	(267,986)	-
Net deferred tax balances	(59,398)	101,058

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22. Deferred Tax Balances (Continued)

(ii) Movement in net temporary differences during the y
as follows:

	2020			
	1 January 2020	Acquisition of subsidiary	Recognised in profit/loss $'000	Balance at December 31 $'000
Property and equipment	96,323	-	5,064	101,387
Investment properties	37,188	-	(931)	36,257
Intangible assets	(69,233)	(207,500)	(1,067)	(277,800)
Trade and other receivables	(1,259)	-	1,174	(85)
Trade and other payables	184	-	(989)	(805)
Tax losses	31,156	-	19,403	50,559
Other	6,699	(5,265)	29,655	31,089
Total	101,058	(212,765)	52,309	(59,398)

	2019			
	Balance at January 1 $'000	Acquisition of subsidiary	Recognised in profit/loss $'000	Balance at December 31 $'000
Property and equipment	48,856	15,142	32,325	96,323
Investment properties	13,551	-	23,637	37,188
Intangible assets	(2,054)	(69,233)	2,054	(69,233)
Trade and other receivables	(2,430)	-	1,171	(1,259)
Trade and other payables	17,002	184	(17,002)	184
Tax losses	144,391	-	(113,235)	31,156
Other	(15,786)	-	22,485	6,699
Total	203,530	(53,907)	(48,565)	101,058

(b) Company

	2020 $'000	2019 $'000
Property and equipment	(5,859)	(1,664)
Trade and other receivables	(1,111)	(867)
Tax losses	38,715	-
Other	8,551	3,717
Net asset	40,296	1,186

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22. Deferred Tax Balances (Continued)

Movements in net temporary differences during the year are as follows:

		2020	
	Balance at January 1	Recognised in profit/loss	Balance at December 31
	$'000	$'000	$'000
Property and equipment	(1,664)	(4,195)	(5,859)
Trade and other receivables	(867)	(244)	(1,111)
Tax losses	-	38,715	38,715
Other	3,717	4,834	8,551
Total	1,186	39,110	40,296

		2019	
	Balance at January 1	Recognised in profit/loss	Balance at December 31
	$'000	$'000	$'000
Property and equipment	4,806	(6,470)	(1,664)
Trade and other receivables	(1,825)	958	(867)
Other	129	3,588	3,717
Total	3,110	(1,924)	1,186

23. Inventories

	The Group	
	2020	2019
	$'000	$'000
Pin codes	307,304	168,151
Operational inventory	25,027	19,683
Food and beverage	2,859	4,066
	335,190	191,900

The cost of inventories recognised as direct expense during the year for the Group was $10.77 billion (2019: $10.5 billion).

24. Trade and Other Receivables

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current assets				
Trade receivables from contracts with customers (Note a)	790,276	849,763	-	-
Less: provision for credit losses	(112,189)	(447,397)	-	-
	678,087	402,366	-	-
Other receivables and prepayments (Note b)	767,921	1,233,481	93,857	751,384
Accrued interest	7,880	5,075	4,446	3,469
	1,453,888	1,640,922	98,303	754,853

(a) Included in trade receivables are amounts of $685 million (2019: $741 million) representing amounts receivable from agents that support lottery and sports betting sales.

(b) Other receivables and prepayments for the Group and Company includes GCT recoverable and vendor prepayments totaling $563 million. In 2019, $723 million was paid towards the acquisition of Champion Gaming Limited. (refer to Note 36)

25. Cash and Cash Equivalents

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash in hand and at bank	4,264,868	2,850,176	1,941,742	339,601
Certificate of deposits	1,279,372	650,453	1,357,496	37,221
Resale agreements	711,383	91,836	-	-
	6,255,623	3,592,465	3,299,238	376,822

(a) As at December 31, 2020, the fair value of the underlying securities of resale agreements amounted to $711,383,000 (2019: $91,835,864.93).

(b) The weighted average interest rate on the Certificate of deposits at the year end is 2.76%.

(c) Special accounts for operational purposes to pay prizes includes the following:

(i) An amount of $20 million (2019: $20 million), which is the minimum regulatory requirement to fund the Lucky 5 and Top Draw game, was set aside as a reserve by Prime Sports (Jamaica) Limited (PSJL), a subsidiary.

(ii) As a condition of its lottery licence, PSJL is required to establish a dedicated bank account into which funds are deposited to ensure that on a continuous basis throughout the term of the licence, the credit balance on that account is not less than 100% of the aggregate amount of its liabilities, which include prize liabilities, fees payable to BGLC, gaming taxes payable to the Government of Jamaica. At the reporting date, the balances in the dedicated bank accounts totalled $1.12 billion (2019: $914 million), which is in excess of the reserve requirement of $744 million (2019: $560 million).

(iii) An amount of $5.8 million (2019: $5.8 million) is required to facilitate a guarantee issued in favour of Jamaica Public Service Company Limited for the provision of electricity services.

(iv) An amount of $20.2 million (2019: $20.2 million) was set aside as a performance bond guarantee arrangement by Prime Sports (Jamaica) Limited. This is a requirement of the Betting, Gaming and Lotteries Act granting a Bookmaker's permit to PSJL.

(v) Cash and cash equivalents include $65.6 million (2019: $65.6 million) is managed by Supreme Ventures Racing & Entertainment Limited on behalf of racehorse owners and are used to claim/buy horses from other owners.

26. Prize Liabilities

	The Group	
	2020	2019
	$'000	$'000
Local lottery games ((a) below)	183,316	195,361
Multi-jurisdictional lottery game ((b) below)	375,101	259,672
Horse-racing Dividends	3,299	76,346
Sports Betting	38,739	794
	600,455	532,173

(a) This represents the prize liabilities associated with the local lottery games operated under licence by the subsidiary, Prime Sports (Jamaica) Limited, including an amount accrued for the advertised jackpot of $69 million (2019: $45 million).

(b) The Super Lotto game is a multi-jurisdictional game with the following countries being a party to the Super Lotto agreement entered into by the Company on July 27, 2009: Anguilla, Antigua and Barbuda, Barbados, Bermuda, Jamaica, St. Kitts and Nevis, St. Maarten, United States Virgin Islands, Dominican Republic (up to February 27, 2015) and Paraguay (since April 7, 2014). Under the rules of the Super Lotto game, and as agreed by BGLC, jackpot contributions are calculated and accumulated based on a specified portion of every bet.

27. Trade and Other Payables

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade payables	1,474,916	1,156,522	-	-
Contributions payable to the BGLC	73,642	57,350	-	-
Government taxes payable	111,161	53,117	-	-
Accruals	460,232	502,809	45,203	25,686
Other payables	724,987	520,771	94,804	103,397
	2,844,938	2,290,569	140,007	129,083

28. Share Capital

Authorised:
3,000,000,000 ordinary stock units at no par value

	2020	2019
	$'000	$'000
Stated capital:		
2,637,254,926 ordinary stock units, issued and fully paid	1,967,183	1,967,183

29. Capital Reserve

This includes gains arising on the scheme of reorganisation and amalgamation of subsidiaries within the Group in 2008.

The reserve is stated net of costs associated with the reorganisation and amalgamation and capital distributions.

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30. Long-term Payables

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
(a) PayDay prize liability	16,341	17,140	-	-
(b) BM Soat Auto Sales Limited	2,240	2,262	-	-
(c) Sagicor Bank Jamaica Limited	1,395,188	1,503,411	1,340,219	1,450,000
(d) Jamaica Central Services Depository (As Trustees)	3,000,000	-	3,000,000	-
(e) Barita Investments Limited	500,000	-	500,000	-
	4,913,769	1,522,813	4,840,219	1,450,000
Less: current portion	(224,300)	(94,120)	(216,864)	(89,571)
	4,689,469	1,428,693	4,623,355	1,360,429

(a) **PayDay prize liability** – This liability represents the present value of a monthly prize annuity of $150,000 due and payable for twenty (20) years, expiring 25 October 2036. It is stated net of an unamortised discount of $12 million (2019: $13 million).

(b) **BM Soat Auto Sales Limited** - Four year motor vehicle loan for Supreme Ventures Enterprise Incorporated from BM Soat Auto Sales Limited. The loan has interest accruing at a rate of 14.58% per annum. Payments are made monthly and is expected to mature in 2023.

(c) **Sagicor Bank Jamaica Limited** - This relates to four loan facilities as follows:

(i) A mortgage loan from Sagicor Bank Jamaica Limited to purchase building which houses Post to Post Betting Limited Head Office with interest accruing at a rate of 9.5% per annum, for 10 years with a maturity date of 31 December 2028. The property was used as a security for the facility.

(ii) Motor vehicle loan from Sagicor Bank Jamaica Limited. The loan facility has interest accruing at a rate of 7.25% per annum for three (3) years with a maturity date of 30 September 2023.

(iii) Unsecured credit facility of $450 million from Sagicor Bank Jamaica Limited, to support the Group's acquisition of Post to Post Betting Limited operations (note 39). The loan facility includes a moratorium of 12 months on principal payments, with interest accruing at a rate of 6.35% per annum, for five (5) years with a maturity date of 14 June 2024.

(iv) Unsecured Syndicated Loan facility of $1 billion administered by Sagicor Bank Jamaica Limited, to support the Group's plans for future acquisition. The loan facility includes a moratorium of 6 months on principal payments, with interest accruing at a rate of 6.5% for the first five (5) years and thereafter a variable rate with a ceiling of 9.5%, for five (5) years with a maturity date of 30 December 2029.

(d) **Jamaica Central Services Depository (As Trustees)**- Unsecured Bond facility of $3 billion arranged by Sagicor Investments, to cover the Group's costs for targeted acquisitions in Post to Post Betting Limited and Supreme Route Limited with a maturity date of 30 October 2025. These proceeds will also be used to fund targeted acquisitions that are being assessed for finalization. As part of the requirements of the bond facility, a special deposit of $52 million, equivalent to one month interest has been deposited to a cash reserve account.

(e) **Barita Investments Limited** - Senior secured bond facility of $500 million from Barita Investments, to support the Group's plan for the acquisition of a gaming entity and assets. The principal on the facility is due on maturity on 11 December 2025 with interest accruing at a rate of 6.50% per annum. As a condition of the Barita bond, the following Guarantees were executed:

i) First Legal Guarantor's Mortgage ("Guarantor's Mortgage") endorsed on Certificate of Title for Coral Cliff property
ii) Guarantee and Postponement of Claims Agreement issued by Prime Sports (Jamaica) Limited, an affiliate of the Borrower (the "Guarantor"), in favor of the Lender (the "Guarantee");
iii) Deed of Assignment of Commercial All Risk Policy issued by the Borrower and/ Guarantor in favor of the Lender for the full replacement value of the Mortgaged Premises (the "Assignment of Insurance").

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30. Long-term Payables (Continued)

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying Amounts		Fair Values	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Non-current borrowings	4,913,769	1,522,813	3,822,104	974,695

31. Lease Liabilities

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
Lease liabilities	**$'000**	**$'000**	**$'000**	**$'000**
Current	181,986	104,814	7,917	-
Non-current	740,292	732,638	14,461	-
	922,278	837,452	22,378	-

(v) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense (included in finance cost)	78,891	74,177	368	-
Expenses relating to short term leases (included in selling, general and administrative expenses	27,290	44,086	4,899	-
	106,181	118,263	5,267	-

The total cash outflow for leases in 2020 was $222,534,000 (2019: $135,489,000) for the Group and $2,313,000 (2019: nil).

31. Lease Liabilities (Continued)

(iii) Incremental borrowing rate

The incremental borrowing rate, the Group:

-where possible, uses recent third-party financing received by our bankers as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security

(iv) Lease payments

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(v) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $26 million

32. Investment in Subsidiaries

	The Company	
	2020	2019
	$'000	$'000
Prime Sports (Jamaica) Limited	1,938,651	1,938,651
Supreme Ventures Racing and Entertainment Limited	150,000	150,000
Supreme Ventures Services Limited (formerly Big A Track 2003 Limited)	5,760	5,760
Post to Post Betting Limited	572,218	572,218
Supreme Group Incorporated	544,482	400,482
Transtel Jamaica Limited	1	1
	3,211,112	3,067,112

(a) On January 2, 2020, the Group under its subsidiary Bingo Investments Limited, acquired 100% of the assets of Champion Gaming Limited for a value of $2.78 billion. As a result of the transaction, a minority interest (Champion Gaming) has acquired 49% of the shares of Bingo Investments Limited. The consideration was paid by cash $1.42 billion and 49% equity in Supreme Route Limited valued at $1.36 billion. Bingo was renamed to Supreme Route Limited (SRL) effective January 17, 2020 (note 36).

(b) During the year, the Board of Directors approved an additional injection of US$1 million as capital advances to its subsidiary Supreme Guyana Incorporated as funding to cover operational and administrative expenses.

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33. Related Party Transactions and Balances

		The Company	
		2020	**2019**
		$'000	**$'000**
(a)	Long term receivables (Loans)	416,247	331,348
	Supreme Ventures Racing and Entertainment Limited		
	Prime Sports (Jamaica) Limited	649,032	-
		1,065,279	331,348
(b)	Due from subsidiaries:		
	Supreme Ventures Enterprise Incorporated	14,432	-
	Supreme Ventures Racing and Entertainment Limited	-	61,276
	Post to Post Betting Limited	529	-
	Supreme Ventures Services Limited (formerly Big 'A' Track 2003 Limited)	-	7,372
	Supreme Venture Guyana Holdings Incorporated	-	15,104
		14,961	83,752
(c)	Due to subsidiaries		
	Supreme Ventures Guyana Holdings Incorporated	5,040	-
	Prime Sports (Jamaica) Limited	126,290	75,199
	Supreme Ventures Services Limited (Big 'A' Track 2003 Limited)	72,239	-
		203,569	75,199

(i) Identity of related parties

The Company has a related party relationship with its directors, subsidiaries and companies with common directors. "Key management personnel" represents directors of the Company and certain members of the Group's executive management.

(ii) The consolidated and company income statements include the following transactions with related parties:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries -				
Management fees	-	-	476,141	434,193
Interest income	-	-	92,047	13,525
Dividend income	-	-	2,108,000	2,541,078
Shared services recharge expense	-	-	109,045	-
Other related parties -				
Interest and other income earned	47,810	56,518	-	-
Other expenses	154,984	183,262	-	-

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33. Related Party Balances and Transactions (Continued)

(d) Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Management remuneration	513,018	452,471	104,206	158,989
Post-employment benefits	19,530	4,195	-	-
	532,548	456,666	104,206	158,989

(e) The following have been charged in arriving at profit before income tax:

	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Directors' emoluments -				
Director's Fees	113,171	106,966	81,483	80,732
Management remuneration	57,563	109,563	57,563	109,563
Pension contributions	-	9,520	-	9,520

(f) Provisions or write-offs

No provisions or write-offs have been recognised for amounts advanced to key management or related parties.

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34. Distributions

(a) Distributions to shareholders of the Parent Company

		2020	2019
		$'000	**$'000**
Final dividend for 2018 paid March 22, 2019	- 17¢	-	448,616
First interim dividend paid May 24, 2019	- 21¢	-	553,824
Second interim dividend paid September 6, 2019	- 22¢	-	580,196
Third interim dividend paid December 4, 2019	- 17¢	-	448,250
Final dividend for 2019, paid April 3, 2020	- 20¢	527,451	-
First interim dividend paid June 12, 2020	- 25¢	659,313	-
Second interim dividend paid September 4, 2020	- 7¢	188,300	-
Third interim dividend paid December 4, 2020	- 20¢	527,451	-
		1,902,515	2,030,686

(b) Distributions to non-controlling interest

		2020	2019
		$'000	**$'000**
Special dividend paid December 1, 2019	- $5.23	-	33,479

(c) Proposed

At a meeting of the Board of Directors held on February 26th, 2021, a dividend of 26 cents per share was declared.

35. Contingencies and Commitments

(a) Contingencies – litigations

EGE Limited (formerly Epsilon Global Equities Limited):

On December 15, 2008 a civil suit was filed by EGE Limited (then called Epsilon Global Equities Limited) against the Company and its founding stockholders. The matter was decided in 2011, with a judgement in favour of the founding stockholders and the Company. An appeal to the Court of Appeal was also dismissed on 30th May 2017 again in favour of the Company and stockholders. A further appeal has been made to the Judicial Committee of the Privy Council and the hearing is scheduled for the 27^{th} and 28^{th} of April, 2021. The attorneys representing the Company expect to succeed and that the appeal will not result in a financial liability to the Company.

Talisman Capital Alternative Investment Fund and EGE Limited:

In August 2012, a civil suit was filed in the Courts of Florida, USA, by Talisman Capital Alternative Investment Fund and EGE Limited citing as defendants the Company and certain of its stockholders. This suit is in respect of most of the same issues decided in the Supreme Court in Jamaica in favour of the Company and some of its stockholders (see above).

In April 2013, the Federal Bankruptcy Court in Florida granted a motion by SVL and other defendants to dismiss the complaint. The plaintiffs then filed objections to the dismissal. Subsequently, the court granted a motion by SVL and other defendants to strike out the objections. The plaintiffs then moved for reconsideration of the order. The motions were heard and SVL and other defendants were successful on the motions and were either discharged from the proceedings or the plaintiffs were ordered to re-file the proceedings. The Plaintiffs have appealed the Order. The appeal has been heard and the decision is pending.

The attorneys representing SVL expect SVL's position to be upheld by the Appeal Court.

(b) Contingencies - Guarantees

Pursuant to the Articles of Incorporation of the Company and a resolution of the directors, the Company has issued a duly executed and stamped deed of debenture and a duly executed guarantee to the Betting, Gaming and Lotteries Commission (BGLC). The Company and the BGLC have agreed that the secured debenture and the guarantee constitute compliance by the subsidiary, Prime Sports (Jamaica) Limited (PSJL), with the requirements of the licence granted by BGLC that the equity capitalisation of PSJL be not greater than $500 million, and PSJL will accordingly be treated as having $500 million of stockholders' equity for the purpose of the condition of the BGLC licence that refers to stockholders' equity. Accordingly, BGLC will hold the Company responsible and liable for any breaches of the licence by its subsidiary, PSJL.

(c) Contingencies - Prime Sports (Jamaica) Limited

In accordance with the requirements of the Betting, Gaming and Lotteries Act granting a Bookmaker's permit to Prime Sports (Jamaica) Limited (PSJL), a performance bond guarantee arrangement was executed with The Bank of Nova Scotia Jamaica Limited (BNS) for an amount of $20.2 million. Under the said performance bond covering the period December 24, 2019 to January 02, 2025, BNS would pay on demand any sums which may from time to time be demanded by the BGLC up to a maximum aggregate sum of $20.2 million. The bank guarantee is secured by a hypothecated term deposit in the amount of $20.2 million.

35. Contingencies and Commitments (Continued)

(d) Contingencies - Super Lotto Jackpot Liability

As required under Condition 7 attached to the approval granted by the BGLC to promote the multi-jurisdictional game, 'Super Lotto', the Company, as the applicant, has made arrangements for a stand-by financing facility of $600 million from BNS. Under the said stand-by facility, which is renewable annually, BGLC has been identified as the beneficiary in order to ensure that a Super Lotto jackpot winner in Jamaica is settled with the prize money and also to ensure that the necessary taxes on such a prize payment are settled with the revenue authorities in Jamaica.

(e) Commitment - Licence fees to the Betting, Gaming and Lotteries Commission (BGLC)

In accordance with conditions attached to the lottery, sports betting and VLT licences granted by the BGLC, annual licence fees aggregating $44.41 million (2019: $49.6 million) fall due for payment each year.

(f) Capital commitments

	The Group	
	2020	2019
	$'000	$'000
Machinery and equipment	1,637	14,212
Leasehold improvements	1,725	30,284
Furniture, fixtures, machinery and equipment	500	152
Signs and posters	405	612
Computer equipment	6,943	2,726
Computer software	67,228	17,980
	78,438	65,966

35. Contingencies and Commitments (Continued)

(g) Sponsorship commitments

Commitments pursuant to sponsorship agreements entered into by the Group are as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
2020	-	6,663
	-	6,663

(h) Contingent commitment

The Group has a commitment to develop and modernize the Caymanas Park, which involves the following outlays:

Milestone	Implementation period from commencement date	**$'000**
Phase 1	Within two (2) years	200,000
Phase 2	Between year three (3) and year (5)	300,000
		500,000

As of December 31, 2020, the Group has invested $468 million towards the development and modernization of Caymanas Park.

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36. Acquisition of Subsidiaries

(a) Acquisition of Champion Gaming Limited

On January 2, 2020 the Group through Supreme Route Limited (formerly Bingo Investments Limited) acquired selected assets of Champion Gaming Limited for a value of $2.78 billion. The consideration was paid by cash $1.42 billion and 49% equity in Supreme Route Limited (formerly Bingo Investments Limited) valued at $1.36 billion.

The acquisition has increased the group's market share in the industry and provides access to customers using Champion machines through the network of agents.

Since the date of acquisition, the betting operations has contributed net revenue of $452 million and attributable post-acquisition net profit of $126 million to the Group's results in the period to December 31, 2020.

The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition:

(i) Identifiable assets acquired

	2020 **$'000**
Property, plant and equipment	293,375
Computer software	207,960
Distribution network	620,000
Trademark- Champion	121,000
Non-competition agreement	89,000
Cash and cash equivalents	76,298
Deferred tax liability	(207,500)
Trade and other payables	(23,563)
Net identifiable assets acquired	1,176,570
Non-Controlling Interest	1,361,806
Cash Consideration transferred	1,417,390
Less net identifiable assets acquired	(1,176,570)
Goodwill	1,602,626

None of the goodwill is expected to be deductible for tax purposes.

(ii) Cashflow on acquisition

Outflow of cash to acquire subsidiary, net of cash acquired	**2020** **$'000**
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	1,417,390
Less:	
Cash	(76,298)
Trade and other payables	(23,563)
Advisory fees	(5,920)
Net outflow of cash	1,311,609

36. Acquisition of Subsidiaries (Continued)

(a) Acquisition of Champion Gaming Limited (continued)

(iii) The fair value of certain material asset categories was established as follows:

1. Property and equipment:

   The value of property and equipment were assessed as net book values as at the date of acquisition.

2. Intangible assets:

   The value of the distribution network was assessed through market benchmarking information provided by independent data specialists through the multi-period excess earnings method, performed by a qualified independent valuator.

   The value of trademark was assessed through market benchmarking information provided by independent data specialists through the relief from royalty method in estimating the value of tradename performed by a qualified independent valuator.

   The value of the non-compete agreement was assessed using the differential cash flows method. It derives its value based on the present value of the difference in cash flows associated with and without the non-compete agreement.

3. Gaming software and equipment

   The purchase price allocation and the identification and valuation of the net assets acquired for gaming equipment and gaming software were done on a provisional basis, as allowed under IFRS 3. Finalisation of the purchase price allocation and the identification and valuation of the net assets within twelve months of acquisition date may require an adjustment to the financial statements, which, if material, may result in a prior year restatement.

(iv) Acquisition-related costs
In 2020 The Group incurred acquisition-related costs of $69.9 million which was fully incurred by the Company. These costs have been included in professional fees expenses' in profit for the current period.

(v) Accounting policy choice for non-controlling interests
The Group recognises non-controlling interests in an acquired entity either at fair value or at the non- controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interest in Supreme Route Limited, the Group elected to recognise the non-controlling interests at its fair value. See note 2(b)(i) for the Group's accounting policies for business combinations.

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36. Acquisition of Subsidiaries (Continued)

(b) Acquisition of Post to Post Betting Limited – In prior year

On July 1, 2019, the Group acquired 51% stake in Post to Post Betting Limited. Post to Post Betting Limited is licensed under the Betting, Gaming and Lotteries Act to carry out the main activities of sports betting, horseracing, slot machines and virtual gaming.

The following summaries the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition.

(i) Identifiable assets acquired

	2019
	$'000
Property and equipment	176,341
Trade and other receivables	34,823
Cash and cash equivalents	129,609
Deferred tax asset	15,326
Intangible assets	547,881
Leased asset	201,052
Leased liability	(206,067)
Deferred tax liability	(69,233)
Trade and other payables	(81,817)
Tax payable	(11,806)
Borrowings	(55,248)
Net identifiable assets	680,861
Non-Controlling Interest	370,003
Cash Consideration transferred	572,218
Less net identifiable assets acquired	(680,861)
Goodwill	261,360

36. Acquisition of Subsidiaries (Continued)

(b) Acquisition of Post to post Betting (continued)

(ii) Cashflow on acquisition

Outflow of cash to acquire subsidiary, net of cash acquired

	2019 $'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	572,218
Less:	
Cash	(129,609)
Net outflow of cash	442,609

(c) Acquisition related costs

In 2020 The Group incurred acquisition-related costs of $81 million (2019: $31 million) which was fully incurred by the Company. These costs have been included in professional fees expenses' in profit for the current period.

(d) Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non- controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interest's interests in Post to post Betting Limited and Supreme Route Limited, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2 for the Group's accounting policies for business combinations.

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37. Net Debt Reconciliation

	Group			Company		
	Lease Liabilities $'000	**Loan liabilities $'000**	**Total $'000**	**Lease Liabilities $'000**	**Loan Liabilities $'000**	**Total $'000**
Net debt as at 1 January 2019	(678,076)	(160,440)	(838,516)	-	(143,287)	(143,287)
Cash flows						
Acquisition through business combination - leases	(206,067)	(55,248)	(261,315)	-	-	-
Addition	(84,199)	(1,474,367)	(1,558,566)	-	(1,468,770)	(1,468,770)
Repayment	135,489	148,167	283,656	-	143,287	143,287
Foreign exchange adjustment	(4,599)	-	(4,599)	-		
Interest paid	-	19,075	19,075	-	18,770	18,770
Net debt as at 31 December 2019	(837,452)	(1,522,813)	(2,360,265)	-	(1,450,000)	(1,450,000)
Net debt as at 1 January 2020	(837,452)	(1,522,813)	(2,360,265)	-	(1,450,000)	(1,450,000)
Cashflows						
Addition	(235,325)	(3,505,795)	(3,741,120)	(26,086)	(3,500,000)	(3,526,086)
Interest	(78,891)	(150,632)	(229,522)	-	-	-
Repayment	214,547	120,193	334,740	2,313	109,781	112,094
Foreign exchange adjustment	14,843	-	14,843	1,395	-	1,395
Interest paid	-	145,278	145,278	-	-	-
Net debt as at 31 December 2020	(922,278)	(4,913,769)	(5,836,047)	(22,378)	(4,840,219)	(4,862,597)

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38. Non-Controlling Interest

The table below shows the summarised financial information for Post to Post Betting Limited that has a non-controlling interest:

Statement of financial position	2020	2019
	$'000	$'000
Total assets	540,942	555,964
Total liabilities	(372,742)	(352,520)
Net assets	168,200	203,444
Non-controlling interest	349,721	368,342
Statement of comprehensive income		
Revenue	1,274,698	845,495
(Loss)/profit for the period/total comprehensive income	(19,846)	71,177
(Loss)/ Profit allocated to non-controlling interest	(9,725)	34,876
Adjustment allocated to non-controlling interest	(8,896)	(3,059)
Accumulated non-controlling interest	(18,621)	31,818

The table below shows the summarised financial information for Supreme Route Limited that has a non-controlling interest:

Statement of financial position	2020
	$'000
Total assets	3,361,765
Total liabilities	(455,674)
Net assets	2,906,091
Non-controlling interest	1,423,879
Statement of comprehensive income	
Revenue	884,937
Profit for the period/ Total comprehensive income	126,680
Profit allocated to non-controlling interest	62,073

39. Subsequent Event

a) Supreme Ventures Limited, as per agreement with Post to Post Betting Limited, has acquired a further 29% stake or 4.1 million shares of the company at an agreed price of $375 million. This will be reflected as an adjustment to Equity and non controlling interests and does not affect the fair value of assets previously acquired.

b) Supreme Ventures and certain of its subsidiaries and I.C.E. Jamaica have entered into an agreement dated May 12, 2020 for the purchase and sale of branded gaming machines and other assets in the amount of USD$3.5 million. The finalisation of the agreement was extended to February 2021 upon the completion of all due diligence requirements.

c) Supreme Ventures Limited, through its subsidiary Supreme Ventures Fintech Limited (formerly Supreme Ventures Financial Services Limited) has acquired fifty-one (51%) per cent of the shares in McKayla Financial Services Limited on February 11, 2021.

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40. Long Term Incentive Plan

The expense recognised in the profit and loss statement for share-based payments was $26,472,000. The establishment of the long term incentive plan was approved by the Board of Directors in June 2020. The plan is designed to provide long-term incentives for senior managers and above (excluding non-Executive Directors) to deliver long-term shareholder returns. Under the plan, participants are granted allotted shares which only vest if certain performance objectives are met. Participation in the plan is at the Board's discretion, no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

The amount of allotted shares that will vest depends on the employee's performance within the company each year based on the set predetermined objectives. The allotted shares will vest for a period of 2 years, with 50% due in April of the following year and the remaining 50% in Year 2. At the end of each financial year, the applicable shares will be purchased for the benefit of the specific senior managers as per the obligations outlined in employee contracts.

There were no options granted during the year.

No options expired during the period.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	**Share options 30 June 2020**
April 1, 2021	882,105
April 1, 2022	1,884,210
April 1, 2023	2,004,210
April 1, 2024	1,242,105
Total	**6,012,630**

Weighted average remaining contractual life of options outstanding at end of period **3.67 years**.

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 December 2020 included:

(a) Options vest based on defined service period.
(b) Vested options are exercisable for a period of two years after vesting.
(c) Exercise price: $0
(d) Grant date: April 1
(e) Expiry date: April 1, 2023
(f) Share price: $15.12
(g) Expected price volatility: 57% (based on historic volatility)
(h) Expected dividend yield: 5.35%
(i) Risk-free interest rate: 1.78%

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41. Restricted Cash

As a condition of the $3 billion bond facility issued in October 2020, a special deposit of $52 million, equivalent to one month interest has been deposited to a cash reserve account. The account is held at Sagicor Bank and is an interest-bearing account.

42. COVID-19 Impact on Group Operations

Since the outbreak of COVID-19 in the first quarter of 2020, global financial markets have experienced, and may continue to experience significant volatility and there are significant consequences for the global and local economies from travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on the global and local economies and the sectors in which the Company and its customers and suppliers operate is uncertain at this time. The impact of the pandemic has contributed to a decline in revenue from non-fixed odd wagering games, horse racing and pin codes of 1.9% for the year ended 31 December 2020 compared to the same period in 2019. In the meantime, the Company has taken measures to preserve its operations and the health and safety of its employees and customers. Measures are being taken to reduce operating costs and non-business critical capital expenditures as well as optimize working capital. Management continues to believe that the going concern presumption remains appropriate for these financial statements and that the Company will continue to be able to meet its obligations as they fall due and its bank covenant compliance requirements.

43. Restatement of Segment Reporting

The format of the segment report was changed during the year to include Horseracing and Video Lottery Terminals as part of Sports Betting. This is due to a change in the way in which the business is monitored by the Chief Decision Maker including the reports used to facilitate management of the segments. Each area now has a General Manager with responsibility for tracking performance against targeted objectives and reporting such performance to the Executive Chairman.