The Palace Amusement Company (1921) Limited

Financial Statements
30 June 2021

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Independent auditor's report

To the Members of The Palace Amusement Company (1921) 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 The Palace Amusement Company (1921) Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 30 June 2021, 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 30 June 2021;
- 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 30 June 2021;
- 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.

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Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which discusses the impact of COVID-19 on the Group and Company's ability to continue as a going concern and indicates that the Group and Company incurred a net loss of $358.3 million and $293.7 million respectively during the year ended 30 June 2021 and, as of that date, their current liabilities exceeded their current assets by $324.3 million and $312.9 million respectively. As stated in Note 2, these events and conditions along with the other matters also set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In assessing the risk of material misstatement to the consolidated financial statements, we designed and performed full scope audits over the Group's two individually financially significant components being, The Palace Amusement Company (1921) Limited and The Cinema Company of Jamaica Limited. In total, the Group comprises four components, all of which are domiciled in Jamaica. The remaining two components contribute less than 1% of the Group's loss before tax from continued operations. We performed other procedures including analytical review procedures and testing of consolidation journals and intercompany eliminations to further respond to the risks of material misstatement to the consolidated financial statements. All components were audited by PwC Jamaica.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for equipment and fixtures and right-of-use assets (Group and Company) *Refer to notes 2(d), 2(e), 2(0), 4(b), 12 and 28 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 30 June 2021, amounts disclosed for equipment and fixtures and right-of-use assets (ROA) totalled \$536.6 million and \$476.7 million for the Group and Company, respectively. This represented approximately 34.4% of total assets for the Group and 44.3% of total assets for the Company. In accordance with IAS 36, 'Impairment of Assets', management performed an assessment to determine whether there were any indications that equipment and fixtures and ROA may be impaired at the reporting date. Resulting from the matters disclosed in the *Material uncertainty related to going concern* paragraph, management determined that indicators of impairment were present and therefore made a formal assessment of the recoverable amount for equipment and fixtures and ROA to assess whether the recoverable amount of the assets exceeded their carrying amounts. The recoverable amount is the higher of an asset's fair value less cost to sell (FVLCS) and its value in use (VIU). Resulting from this assessment, no impairment of equipment and fixtures or ROA was recorded by management as at the reporting date. We focused on this area as the impairment assessment requires significant management judgements and estimation. This includes the estimation of future cash flows from the business, taking into consideration the key assumptions being the revenue growth and discount rate in the VIU calculation as well as the cost to sell in the FVLCS calculation.	With the assistance of our internal experts, we performed the following procedures, amongst others, over management's impairment assessment: We obtained an understanding of management's process used to identify the presence of indicators of impairment of the assets. We evaluated management's impairment assessment including the future cash flow forecasts, and the process by which they were prepared. This included testing the mathematical accuracy of the underlying calculations, agreeing to previously audited information where applicable and assessing management's forecast against comparable publicly available revenue information for the industry in which the Group and Company operate. We challenged management's key assumptions for revenue growth and discount rate by: • evaluating these assumptions with reference to valuations of similar companies; • comparing the key assumptions to externally derived data, where available, including market expectations of investment return and projected economic growth; and • sensitizing the revenue growth and discount rate used in management's cash flow projections.

Key audit matter	How our audit addressed the key audit matter
	We further compared the cost to sell with information collated from previous relevant business sale transactions adjusted for applicable rates of forecast taxes. Resulting from the audit procedures performed, management's conclusion that the equipment and fixtures and ROA assets were not impaired as at the reporting date was not unreasonable.
Revaluation of land and buildings (Group and Company) *Refer to notes 2(d), 2(e), 4(b), 12 and 28 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements, estimates and balances* During the current period, the Group changed its accounting policy for property, plant and equipment which resulted in the revaluation of land and buildings. Land and buildings totalled $730.3 million for the Group and $250.3 million for the Company as at the end of the reporting period. This represented 46.8% and 23.3% of total assets for the Group and Company, respectively. The determination of the fair value of land and buildings requires significant judgement and, as such, was an area of focus for the audit. Management, through an independent valuation expert, used the comparable sales approach with adjustments for differentiating factors. These adjustments required estimation and judgement taking into consideration location, time of sale, size of land and quality of improvements. Changes in these assumptions and judgements may have a significant impact on the carrying value of land and buildings.	We held discussions with the property valuators engaged by management, updated our understanding of the valuation process and obtained information on significant developments within the industry. We assessed the competence and objectivity of the property valuators in order to determine whether they were appropriately qualified and whether there was any affiliation to the Group. With the assistance of our own expert, we assessed the appropriateness of the valuation methodology used in order to evaluate whether it was suitable for determining market value in accordance with the financial reporting framework. We challenged the work of the property valuators by benchmarking the assumptions used to relevant market evidence. This included performing comparisons to similar properties located in the same area and evaluating the adjustments made. We also agreed the inputs used by the property valuators to supporting documentation.

Key audit matter	How our audit addressed the key audit matter
	Based on the procedures performed, the methodology, assumptions and judgements used in determining the fair value of land and buildings 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 Kevin Powell.

PricewaterhouseCoopers

Chartered Accountants
30 November 2021
Kingston, Jamaica

The Palace Amusement Company (1921) Limited

Consolidated Statement of Comprehensive Income

Year ended 30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue	5	105,771	919,843
Direct expenses		(341,789)	(880,579)
Gross (Loss)/Profit		(236,018)	39,264
Other operating income	6	6,621	6,883
Administration expenses		(113,096)	(174,485)
Operating Loss		(342,493)	(128,338)
Finance costs – interest expense		(15,898)	(5,471)
Loss before Taxation		(358,391)	(133,809)
Taxation	9	(24,684)	34,201
Net Loss		(383,075)	(99,608)
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss in the future			
Realised gains on FVOCI investments, net of taxation		199	-
Unrealised gains/(losses) on FVOCI investments, net of taxation		6,625	(3,466)
Gains on revaluation of property, plant and equipment, net of taxation		606,404	-
Re-measurement of post-employment benefit asset, net of taxation		10,737	187
Total other comprehensive income		623,965	(3,279)
Total Comprehensive Income		240,890	(102,887)
Net Loss Attributable to:			
Stockholders of the Company	10	(383,007)	(99,837)
Non-controlling interest		(68)	229
		(383,075)	(99,608)
Total Comprehensive Income Attributable to:			
Stockholders of the Company		240,309	(103,243)
Non-controlling interest		581	356
		240,890	(102,887)
Earnings per Stock Unit Attributable to Stockholders of the Company	11	(266.53)	(69.48)

The Palace Amusement Company (1921) Limited

Consolidated Statement of Financial Position

30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Non-Current Assets			
Property, plant and equipment	12	1,146,115	533,614
Investments	13	19,383	24,567
Right-of-use assets	28	262,316	318,749
Deferred tax assets	14	-	24,449
Post-employment benefit asset	15	40,968	36,365
		1,468,782	937,744
Current Assets			
Inventories	17	36,913	62,135
Receivables	18	27,853	29,993
Cash and cash equivalents	19	25,656	7,482
		90,422	99,610
Current Liabilities			
Payables	20	283,351	186,705
Taxation payable		4,859	4,866
Bank overdraft	19	29,887	23,595
Current portion of lease liabilities	28	67,920	71,944
Current portion of long-term liabilities	21	28,727	11,880
		414,744	298,990
Net Current Liabilities		(324,322)	(199,380)
		1,144,460	738,364
Stockholders' Equity			
Share capital	22	1,437	1,437
Capital reserve	23	772,388	165,984
Fair value reserve	24	18,179	23,872
(Accumulated deficit)/Retained earnings	10	(156,003)	204,399
		636,001	395,692
Non-Controlling Interest		7,116	6,535
		643,117	402,227
Non-Current Liabilities			
Long term liabilities	21	255,148	80,337
Lease liabilities	28	199,410	255,800
Deferred tax liability	14	46,785	-
		501,343	336,137
		1,144,460	738,364

Approved for issue by the Board of Directors on 29 November 2021 and signed on its behalf by:

Douglas Graham Director

Melanie Graham Director

The Palace Amusement Company (1921) Limited

Consolidated Statement of Changes in Equity

Year ended 30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to the Company's Stockholders						
	Number of Shares	Share Capital	Capital Reserve	Fair Value Reserve	(Accumulated Deficit) / Retained Earnings	Non-Controlling Interest	Total
	'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	1,437	1,437	165,984	27,465	304,049	6,179	505,114
Total Comprehensive Income							
Net loss	-	-	-	-	(99,837)	229	(99,608)
Other Comprehensive Income –							
Unrealised (losses)/gains on FVOCI investments	-	-	-	(3,593)	-	127	(3,466)
Re-measurement of post-employment benefit asset	-	-	-	-	187	-	187
	-	-	-	(3,593)	(99,650)	356	(102,887)
Balance at 30 June 2020	1,437	1,437	165,984	23,872	204,399	6,535	402,227
Total Comprehensive Income							
Net loss	-	-	-	-	(383,007)	(68)	(383,075)
Other Comprehensive Income –							
Re-measurement of post employment benefit asset	-	-	-	-	10,737	-	10,737
Realised gains on FVOCI investments	-	-	-	(11,669)	11,868	-	199
Unrealised gains on FVOCI investments	-	-	-	5,976	-	649	6,625
Gains on revaluation of property, plant and equipment	-	-	606,404	-	-	-	606,404
	-	-	606,404	(5,693)	(360,402)	581	240,890
Balance at 30 June 2021	1,437	1,437	772,388	18,179	(156,003)	7,116	643,117

The Palace Amusement Company (1921) Limited

Consolidated Statement of Cash Flows

Year ended 30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
Cash (used in)/provided by operating activities (Note 25)	(74,705)	35,524
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(17,200)	(136,130)
Proceeds from sale of property, plant and equipment	2,289	1,865
Encashment of investments	12,008	37,891
Interest received	59	1,106
Dividends received	600	1,284
Cash used in investing activities	(2,244)	(93,984)
Cash Flows from Financing Activities		
Long term loans repaid	-	(9,027)
Long term loan received	191,658	86,777
Principal elements of lease payments	(87,064)	(69,851)
Interest paid	(15,898)	(5,471)
Cash provided by financing activities	88,696	2,428
	11,747	(56,032)
Exchange gain on foreign cash balances	135	684
Increase/(decrease) in cash and cash equivalents	11,882	(55,348)
Cash and cash equivalents at beginning of year	(16,113)	39,235
Cash and Cash Equivalents at End of Year (Note 19)	(4,231)	(16,113)

Reconciliation of movements of liabilities to cash flows arising from financing activities:
Amounts represent bank and other loans, excluding bank overdraft.

	2021 $'000	2020 $'000
At 1 July	92,217	14,467
Loans received	191,658	86,777
Loans repaid	-	(9,027)
	283,875	92,217

The Palace Amusement Company (1921) Limited

Company Statement of Comprehensive Income

Year ended 30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue		86,159	711,291
Direct expenses		(258,175)	(667,254)
Gross (Loss)/ Profit		(172,016)	44,037
Other operating income	6	7,309	21,848
Administration expenses		(113,096)	(174,485)
Operating Loss		(277,803)	(108,600)
Finance costs – interest expense		(15,898)	(5,362)
Loss before Taxation		(293,701)	(113,962)
Taxation	9	(24,388)	28,873
Net Loss	10	(318,089)	(85,089)
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss in the future -			
Unrealised losses on FVOCI investments, net of taxation		199	(4,747)
Gains on revaluation of property, plant and equipment, net of tax		237,125	-
Re-measurement of post-employment benefit asset, net of taxation		10,737	187
Total other comprehensive income		248,061	(4,560)
Total Comprehensive Income		(70,028)	(89,649)

The Palace Amusement Company (1921) Limited

Company Statement of Financial Position

30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Non-Current Assets			
Property, plant and equipment	12	606,214	381,191
Investments	13	485	12,226
Right-of-use assets	28	262,316	318,749
Deferred tax assets	14	-	24,388
Post-employment benefit asset	15	40,968	36,365
Due from subsidiaries	16/26	79,857	32,408
		989,840	805,327
Current Assets			
Inventories	17	35,279	59,063
Receivables	18	25,663	28,272
Cash and cash equivalents	19	25,396	7,445
		86,338	94,780
Current Liabilities			
Payables	20	272,740	175,910
Taxation payable		38	46
Bank overdraft	19	29,887	23,595
Current portion of lease liabilities	28	67,920	71,944
Current portion of long-term liabilities	21	28,727	11,880
		399,312	283,375
Net Current Liabilities		(312,974)	(188,595)
		676,866	616,732
Stockholders' Equity			
Share capital	22	1,437	1,437
Capital reserve	23	385,490	148,365
Fair value reserve	24	-	11,669
(Accumulated deficit)/Retained earnings	10	(220,587)	74,897
		166,340	236,368
Non-Current Liabilities			
Due to subsidiaries	16/26	43,488	44,227
Long term liabilities	21	255,148	80,337
Lease liabilities	28	199,410	255,800
Deferred tax liability	14	12,480	-
		510,526	380,364
		676,866	616,732

Approved for issue by the Board of Directors on 29 November 2021 and signed on its behalf by:

Douglas Graham Director

Melanie Graham Director

The Palace Amusement Company (1921) Limited

Company Statement of Changes in Equity

Year ended 30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Capital Reserve	Fair Value Reserve	(Accumulated deficit) /Retained Earnings	Total
	'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2019	1,437	1,437	148,365	16,416	159,799	326,017
Total Comprehensive Income						
Net loss	-	-	-	-	(85,089)	(85,089)
Other Comprehensive Income –						
Re-measurement of post employment benefit asset	-	-	-	-	187	187
Unrealised losses on FVOCI investments	-	-	-	(4,747)	-	(4,747)
	-	-	-	(4,747)	(84,902)	(89,649)
Balance at 30 June 2020	1,437	1,437	148,365	11,669	74,897	236,368
Total Comprehensive Income						
Net loss	-	-	-	-	(318,089)	(318,089)
Other Comprehensive Income –						
Re-measurement of post employment benefit asset	-	-	-	-	10,737	10,737
Gains on revaluation of property, plant and equipment	-	-	237,125	-	-	237,125
Realised gains/ (losses) on FVOCI investments	-	-	-	(11,669)	11,868	199
	-	-	237,125	(11,669)	(295,484)	(70,028)
Balance at 30 June 2021	1,437	1,437	385,490	-	(220,587)	166,340

The Palace Amusement Company (1921) Limited

Company Statement of Cash Flows

Year ended 30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Cash Flows from Operating Activities		
Cash (used in)/provided by operating activities (Note 25)	(75,715)	11,819
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(13,536)	(109,435)
Proceeds from sale of property, plant and equipment	80	1,865
Encashment of investments	11,940	37,891
Interest received	59	272
Dividend received	-	206
Cash used in investing activities	(1,457)	(69,201)
Cash Flows from Financing Activities		
Long term loans repaid	-	(9,027)
Long term loans received	191,658	86,777
Principal elements of lease payments	(87,064)	(69,851)
Interest paid	(15,898)	(5,362)
Cash provided by financing activities	88,696	2,537
	11,524	(54,845)
Exchange gain on foreign cash balances	135	684
Increase/(decrease) in cash and cash equivalents	11,659	(54,161)
Cash and cash equivalents at beginning of year	(16,150)	38,011
Cash and Cash Equivalents at End of Year (Note 19)	(4,491)	(16,150)

Reconciliation of movements of liabilities to cash flows arising from financing activities:
Amounts represent bank and other loans, excluding bank overdraft.

	2021 $'000	2020 $'000
At 1 July	92,217	14,467
Loans received	191,658	86,777
Loans repaid	-	(9,027)
	283,875	92,217

1. Identification and Principal Activities

The Palace Amusement Company (1921) Limited (the Company) and its subsidiaries (collectively referred to as the Group) are limited liability companies, incorporated and resident in Jamaica and are cinema operators. The Company is a 65.95% subsidiary of Russgram Investments Limited (the parent company), which is also incorporated in Jamaica. The registered office of the Company, its subsidiaries and the parent company, is 1A South Camp Road, Kingston.

The Company is listed on the Jamaica Stock Exchange.

Films are rented from:

(i) United International Pictures, which represents Universal Pictures and Paramount Pictures;
(ii) ATM Film Distributors;
(iii) Metropolitan Opera and By Experience, which represent National Theatre Live and Bolshoi Ballet; and
(iv) The parent company, which represents Warner Bros, 20th Century Fox, Disney as well as Goldmine Productions and other independent distributors.

2. Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRSs 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 management's best knowledge of current events and actions, 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.

Impact of the COVID-19 Pandemic

The Group re-opened its cinemas on 8 July 2020, after nearly four (4) months of closure.

Cinema attendance fell below expectations as Government imposed curfews continued and fear and uncertainty persisted surrounding the virus and effects. The Group took the decision first to close Palace Cineplex cinemas in both Kingston and Montego Bay, both of which remain closed, and then, between 10 March 2021 and 25 June 2021, closed all remaining cinemas.

The closure of the cinemas significantly impacted the performance of the Group for the 2021 financial year as there were material declines in revenues and expenses.

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Going concern

Under the going concern assumption, an entity is viewed as continuing in business for the foreseeable future. Financial statements and, in particular, all general-purpose financial statements, are therefore prepared on a going concern basis, unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so. When the use of the going concern assumption is appropriate, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The COVID-19 pandemic has developed rapidly in 2020 and continued into 2021. The resulting impact of the pandemic on the operations and measures taken by the government to contain the pandemic have negatively affected the Group's and Company's results in the reporting period. The currently known impacts of COVID-19 on the Group and Company are:

- A decline in revenues for the 2021 financial year compared with the financial year in 2020 of 89% and 88% for the Group and Company respectively.
- A current year net loss before taxation of $358.3 million and $293.7 million for the Group and Company respectively.
- A current year operating cash outflow of $74.7 million and $75.7 million for the Group and Company respectively.
- Current liabilities exceed current assets by $324.3 million and $312.9 million respectively for the Group and Company respectively.
- Breach of debt covenants in relation to maintenance of a minimum Debt- Service Coverage and total debt to Tangible Net Worth ratios.

In response to the COVID-19 pandemic, the Group and Company have taken and continue to take significant measures to preserve cash and control costs including the following:

- Suspension of non-essential operating expenditure, including marketing, promotion travel and entertainment and where possible, reductions of essential operating expenditures to minimum levels necessary while theatres were closed or operating on curtailed schedules.
- Termination or deferral of all non-essential capital expenditure.
- Implementation of measures to reduce staff costs, including the curtailment of hours and days worked by the accounting and administrative staff.
- Layoff of theatre staff during the period of closure and reduced work hours since the resumption of operating activities, as discussed above.
- Negotiations for rent concessions from the Group's landlords.
- Negotiations with the Group's vendors, service providers and other business partners to manage, defer, and/or reduce related expenses and existing liabilities.
- Requesting deferral of payments from Tax Administration Jamaica for Statutory Debts.

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Going concern (continued)

- The Group also applied for, and was granted, a pension contribution holiday for the period to March 2022.
- Successfully negotiating a waiver with respect to the breached loan covenants.
- Borrowing an additional $133M from the Bank of Nova Scotia (BNS), increasing the Group's total borrowing from BNS tos to $225.6M (Note 21). Additionally, as discussed in Note 29, the Group obtained an additional $653 million in financing, subsequent to the year end.
- The Group and Company have also prepared detailed budgets and cash flow forecasts which reflect best estimates of plans for growth and amendments to the current business model to ensure engagement of all age and socio-demographics.
- Establishment of a Drive In Cinema in October 2020 through the signing of a 2 year License Agreement with Victoria Mutual Pensions Management Limited, the trustees of the Cable & Wireless Jamaica Pension Plan – for the use of the property situated in New Kingston.. The Drive In was authorised to be registered under the E-Commerce National Delivery System (ENDS) Program allowing patrons to retain their ticket stubs for authentication on their way home from the movies during a curfew.
- The adjustment of show times, ensuring that the doors remain open and good pictures are on screen.
- Significant efforts have been made to promote covid protocols – including social distance in seating arrangements and the use of MERV13 Filters to dispense 30% fresh air from the roof, while extracting it from the floor.
- Release dates for some blockbusters have been brought forward by Hollywood – signalling a reopening of the Industry; "In Theatre Only" releases have been steadily increasing as well.
- The suspension of No-movement days in Jamaica has seen the return of our Sunday shows to interested patrons.
- Subsequent to the Year End, Palace Multiplex in Montego Bay was re-opened in July 2021.

The Group's and Company's ability to generate sufficient cash to support its operations will depend on, among other things, the timing of a full resumption of operations and the timing of movie releases. While the Group and Company have a history of generating sufficient cash flows, there is no guarantee that such cash flows will be generated in the future given the current COVID-19 restrictions and the fact that there is currently no timeline for the further easing of these restrictions. The Group and Company however believe that the measures implemented, as discussed above, should facilitate orderly conducting of operations for the foreseeable future, and therefore, that the going concern basis of preparation of the financial statements, is appropriate.

However, the circumstances surrounding the pandemic represents a material uncertainty that may cast a doubt on the Group's and Company's ability to continue as a going concern and therefore whether the Group and Company will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Certain new standards, interpretations and amendments 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 concluded that the following new standards, interpretations and amendments are immediately relevant to its operations.

Amendments to IFRS 3 – definition of a business, (effective for annual periods beginning on or after 1 January 2020). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. There was no significant impact from the adoption of these amendments during the year.

Amendments to IAS 1 and IAS 8 on the definition of material, (effective for annual periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies', changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs 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 material information. There was no significant impact from the adoption of these amendments during the year.

Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform, (effective for annual periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that inter-bank offered rate (IBOR) reform should not generally cause hedge accounting to terminate. However, any hedge effectiveness should continue to be recorded in the income statement. Given the pervasive nature if hedges involving IBOR based contracts, the reliefs will affect companies in all industries. There was no significant impact from the adoption of these amendments during the year.

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 2021, 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. There was no significant impact from the adoption of these amendments during the year.

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

The Group has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after year end dates noted and will be applied by the Group as of those dates unless otherwise indicated.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

Amendments to IFRS 17, 'Insurance contracts', (effective for annual periods beginning on or after 1 January 2023). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after 1 January 2022). There narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify 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 (for example, the receipt of a waiver or a breach of covenant).The amendment also clarifies what IAS 1 means where it refers to the 'settlement' of a liability. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases'. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

Amendments IFRS 4, 'Insurance contracts', deferral of IFRS 9, (effective for annual periods beginning on or after 1 January 2018). These amendments change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deduct able temporary differences. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

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

(b) Basis of consolidation

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 power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets 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 values 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. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

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 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.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Subsidiaries
The subsidiaries consolidated and percentage ownership are as follows:

Tropical Cinema Company Limited	90.1%
Harbour View Cinema Company Limited	77.5%
The Cinema Company of Jamaica Limited	100%

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, 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.

(c) Foreign currency translation

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 the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is also the Group's functional currency.

Transactions and balances
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income.

The Palace Amusement Company (1921) Limited

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2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at fair value based on valuations by external independent valuers, less subsequent depreciation of buildings. All other assets are stated at historical cost less depreciation, except land which is not depreciated as it is deemed to have an indefinite life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that a future economic benefit associated with the item will flow to the company or the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in carrying amounts arising on revaluation are credited to the capital reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the capital reserve.

Prior to 30 June 2020, items of property, plant and equipment are recorded at historical or deemed cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Theatre and other buildings	40 years
Leasehold improvements	10 years
Equipment and fixtures	5-10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(e)).

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit or loss.

(e) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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2. Significant Accounting Policies (Continued)

(f) 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 in another entity.

Financial assets

(i) *Classification*
The Group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost

The classification is based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

(ii) Recognition and derecognition
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.

(iii) *Measurement*
At initial recognition, the Group measures a financial asset at its fair value plus transaction cost directly attributable to the acquisition of the financial asset in the case of a financial asset not at fair value through profit or loss (FVPL). Transaction costs that are directly attributable to the acquisition of the financial asset carried at FVPL are expensed in profit or loss.

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

Amortised costs - Financial assets classified as amortised costs are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest

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2. Significant Accounting Policies (Continued)

(f) Financial instruments (continued)

Financial assets (continued)

(iii) Measurement (continued)

are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in gains/(losses). Impairment losses are presented as separate line item in profit or loss. The Group's financial assets measured at amortised cost comprise solely of 'trade and other receivables' and 'cash and bank balances. The Group's financial assets measured at amortised cost also includes 'due from subsidiaries.

- *FVOCI* – Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are presented in gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- *FVPL* - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in the profit or loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost (include cash and cash equivalents) and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. Significant Accounting Policies (Continued)

(g) Inventories

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the first-in, first-out basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses.

(h) Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows. The cash flows of the Company's trade receivables are solely payments of principal and interest (SPPI). Subsequent to initial recognition at fair value, the Company measures trade receivables at amortised cost using the effective interest method.

(i) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with original maturity of 90 days or less.

(j) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in profit or loss over the period of the borrowings.

(k) Current and deferred income taxes

Taxation expense in profit or loss 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 taxable profits exclude 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 at the reporting date.

Deferred tax is the tax that is 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. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2. Significant Accounting Policies (Continued)

(k) Current and deferred income taxes (continued)

Deferred income tax liabilities are not recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of subsidiaries as such amounts are permanently reinvested and are not subject to tax.

(l) Employee benefits

The Group operates defined benefit plans, the assets of which are generally held in separate trustee-administered funds. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plans are generally funded through payments to trustee administered funds, determined by periodic actuarial calculations.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the income statement.

(m) Provisions

Provisions for restructuring costs and legal claims 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 the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

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

(n) Revenue recognition

Group revenue comprises box office receipts, theatre confectionery sales, advertising and film rental income. Box office receipts and concession sales are cash sales and are recognised when cash is collected. Advertising and rental income are recognised on an accrual basis in accordance with the substance of the underlying contracts. Revenue is shown net of General Consumption Tax, returns and discounts and after eliminating sales within the Group.

2. Significant Accounting Policies (Continued)

(n) Revenue recognition (continued)

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described above.

The Group sells movie vouchers which entitle customers to box office attendance in the future. The fair value of the consideration received is recognised as deferred income. Revenue is recognised as the movie vouchers are utilised or expire. Vouchers expire 12 months after the initial sale.

(o) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee 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 interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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 or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The Palace Amusement Company (1921) Limited

2. Significant Accounting Policies (Continued)

(o) Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and 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.

Payments associated with short-term leases 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.

The lease term is determined as the non-cancellable period of the lease and also takes account of extension and termination options if reasonably certain to be exercised. The assessment of reasonable certainty is only revised if a significant event or change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(p) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the Group's chief operating decision maker.

(q) Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

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3. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Management seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the Finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(i) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from film rental income and US dollar cash and bank balances. The Group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The Group and Company are exposed to foreign currency risk in respect of US dollar receivables and cash and bank balances amounting to $5,909,000 (2020 – $ nil) and $14,041,000 (2020 – $226,000), respectively.

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and accounts receivable balances and adjusts their translation at the year-end for 8% (2020 – 6%) depreciation and a 2% (2020 – 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	The Group and Company			
	% Change in Currency Rate 2021	Effect on Profit before Tax 30 June 2021 $'000	% Change in Currency Rate 2020	Effect on Profit before Tax 30 June 2020 $'000
Currency:				
USD	-8	1,596	-6	14
USD	+2	(399)	+2	-5

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3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk arising from its holding of FVOCI investments. As the Group does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

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

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest rate risk.

The Group is primarily exposed to fair value interest rate risk on its fixed rate borrowings. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and borrowings are the only interest-bearing assets and liabilities respectively, within the Group. The Group's short-term deposits are due to mature within 3 months of the reporting date, and the Groups borrowings are at fixed rates.

Interest rate sensitivity
There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no significant exposure to interest rate risk on borrowings as these are at fixed rates and are carried at amortised cost.

3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, due from subsidiary companies, and cash and bank balances.

Trade receivables

Revenue transactions in respect of the Group's primary operations are settled either in cash or by using major credit cards. For its operations done on a credit basis, the Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

In assessing credit losses associated with trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected credit loss rates are based on the historical credit losses experienced within a three-year period before 30 June 2021. The historical rates are adjusted to reflect current and forward-looking information on the macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the Gross Domestic Product (GDP), the interest rate and the inflation rate of the country in which it sells its services to be the most relevant factors and accordingly adjusts the historical loss rates based on the expected changes in these factors.

On this basis, the loss allowance as at 30 June 2021 and 2020 was determined as follows for trade receivables:

	The Group and Company	
30 June 2021	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	0%	4,912
More than 30 days past due	0%	-
More than 90 days past due	47%	3,020
		7,932
Loss allowance		(1,414)
Total		6,518

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3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

Credit risk (continued

Trade receivables (continued)

	The Group and Company	
30 June 2020	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	1%	772
More than 30 days past due	1%	4,697
More than 90 days past due	55%	3,965
		9,434
Loss allowance		(1,414)
Total		8,020

Due from subsidiary companies
This represents the year end balance arising mainly from the Group's centralised treasury function. The subsidiaries conduct all transactions through their current accounts with the Company. The Company mainly has balances with the Cinema Company of Jamaica and the credit risk associated with these balances is considered low due to the credit quality of The Cinema Company of Jamaica.

Cash and bank balances
Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk
The maximum exposure to credit risk is equal to the carrying amount of 'trade and other receivables', 'due from subsidiaries' and 'cash and cash equivalents' in the statement of financial position.

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3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

The closing loss allowances for trade receivables as at 30 June 2021 reconcile to the opening loss allowance as follows:

	The Group and Company	
	2021	**2020**
	$'000	**$'000**
Opening loss allowance as at 1 July	1,414	786
Increase in loss allowance recognised in income statement	-	924
Amounts recovered from previous provision	-	(30)
Receivables written off during the year as uncollectible	-	(266)
At 30 June	1,414	1,414

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Impairment estimates have been adjusted based on actual collection patterns.

Concentration of risk – trade receivables
The following table summarises the Group's and Company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group and Company	
	2021	**2020**
	$'000	**$'000**
Independent cinemas	5,909	1,635
Advertising agencies	2,023	4,899
Other	-	2,900
	7,932	9,434
Less: Provision for credit losses	(1,414)	(1,414)
	6,518	8,020

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3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will be 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, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. At the reporting date, the Group has an undrawn amount relating to a credit revolving facility. The Group has also taken various measures to reduce its expenses and to defer payments for some of its trade payables and accruals. These are in keeping with its response to going concern as outlined in Note 2.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Finance department, includes:

(i) Monitoring future cash flows and liquidity on a bi-weekly basis.

(ii) Maintaining a portfolio of short-term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Maintaining committed lines of credit.

(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the Group's and Company's financial liabilities, based on contractual undiscounted payments at contractual maturity dates, is as follows:

	The Group				
	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2021		
Trade payables	76,623	-	-	-	76,623
Accruals and other payables	219,117	-	-	-	219,117
Bank overdraft	29,887	-	-	-	29,887
Long term liabilities	15,795	43,868	119,425	182,711	361,799
Total financial liabilities	341,422	43,868	119,425	182,711	687,426
			2020		
Trade payables	78,742	-	-	-	78,742
Accruals and other payables	104,062	-	-	-	104,062
Bank overdraft	23,595	-	-	-	23,595
Long term liabilities	20,798	25,684	45,736	-	92,218
Total financial liabilities	227,197	25,684	45,736	-	298,617

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3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Company				
	Within 1Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2021		
Trade payables	76,623	-	-	-	76,623
Accruals and other payables	205,160	-	-	-	205,160
Due to subsidiary companies	43,487	-	-	-	43,487
Bank overdraft	29,887	-	-	-	29,887
Long term liabilities	15,795	43,868	119,425	182,711	361,799
Total financial liabilities	370,952	43,868	119,425	182,711	716,956
			2020		
Trade payables	78,717	-	-	-	78,717
Accruals and other payables	91,019	-	-	-	91,019
Due to subsidiary companies	44,227	-	-	-	44,227
Bank overdraft	23,595	-	-	-	23,595
Long term liabilities	20,798	25,684	45,736	-	92,218
Total financial liabilities	258,356	25,684	45,736	-	329,776

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short-term deposits.

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are externally imposed capital maintenance requirements to which the Group is subjected, and with which they were in breach for the year ended 30 June 2021 (See note 21). The Group obtained a waiver letter from the financial institution for the breached requirements for the year ended 30 June 2021.

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3. Financial Risk Management (Continued)

(c) Fair value estimation

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

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets, such as FVOCI investments, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise equity instruments traded on the Jamaica Stock Exchange and Trinidad and Tobago Stock Exchange.

The only financial assets that are re-measured at fair value after initial recognition are equities of $19,383,000 (2020 - $24,567,000) and $485,000 (2020 - $12,226,000) for the Group and Company, respectively.

There were no transfers between levels during the year.

As at 30 June 2021, there were no unquoted equity instruments.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations
The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rate of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related obligations. Other key assumptions for the retirement benefits are based on current market conditions.

Impairment review for long lived assets
As a result of the impact of COVID-19, equipment and fixtures and right of use assets (ROA) were reviewed for impairment at the reporting date. An assessment was done to determine whether the carrying amount for these assets exceeded their recoverable amount. Equipment and fixtures and ROA do not generate independent cash flows and as such the recoverable amount for the CGU (the business) was used in the assessment.

The recoverable amount of an asset is the higher of its fair value less cost sell (FVLCS) and its value in use (VIU). The FVLCS was determined by the Group using a property valuer and information obtained from other third parties. Adjustments were then made to account for the cost to sell. To establish the VIU, the Group estimated future cash flows which are discounted to present value using an appropriate weighted average cost of capital. Any changes in the assumptions mentioned could result in an impact on the FVLCS or the VIU. A 10% increase in the cost to sell would result in a decrease in the FVLCS of $10,522,000 which would not result in an impairment of equipment and fixtures and ROA.

5. Segment Reporting

The Group is managed in three main business segments based on business activities. The designated segments are as follows:

(i) Cinema activities, which comprise mainly theatre operations and the sales of confectionery items;
(ii) Film activities, which comprise the purchase and rental of films from distributors and the rental of films to cinema operators throughout the Caribbean; and
(iii) Screen advertising activities.

Interest expense is included in the measurement of segment results for Carib and Sunshine Palace. The remaining interest expense is not reviewed as part of the results of the reportable segments but is however regularly reviewed by the chief operating decision maker.

Interest income is not included in the measurement of segment results and is not reviewed as part of the results of the reportable segments. Interest income is however regularly reviewed by the chief operating decision maker.

Deferred tax assets and post-employment benefit assets are not included in the measurement of segment assets and are not reviewed as part of the result of the reportable segments. Deferred tax assets and post-employment benefit assets are however regularly reviewed by the chief operating decision maker.

Major customers comprise independent movie patrons who attend cinemas throughout the Group.

Revenue from film activities includes $20,855,000 (2020 - $54,020,000) earned from other Caribbean countries.

Segment eliminations comprise film rental charged to the cinemas and management fees charged by head office.

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5. Segment Reporting (Continued)

	2021							
	Cinema Activities							
	Carib Cinema $'000	Palace Cineplex $'000	Palace Multiplex $'000	Sunshine Palace $'000	New Kingston Drive In $'000	Film Activities $'000	Screen Advertising Activities $'000	Total $'000
Revenue –								
Box office receipts	15,473	1,504	2,134	15,375	8,795	-	-	43,281
Confectionery sales	11,172	1,112	1,384	8,847	5,149	-	-	27,664
Film rental	-	-	-	-	-	42,773	-	42,773
Screen advertising	4,796	680	828	3,580	2,954	-	7,772	20,610
Other activities	200	-	-	-	122	-	-	322
	31,641	3,296	4,346	27,802	17,020	42,773	7,772	134,650
Eliminations								(28,879)
Revenue from external customers								105,771
SEGMENT RESULT - (1)	(64,663)	(32,580)	(51,816)	88,604	(9,188)	4,923	3,090	(238,838)
Eliminations								1,238
								(237,600)
SEGMENT ASSETS - (2)	542,419	15,873	67,663	497,660	14,508	88	103	1,138,314
Unallocated assets								420,890
Total assets								1,559,204
SEGMENT LIABILITIES - (3)	3,084	27,810	95,059	252,891	8,966	-	-	387,810
Unallocated liabilities								528,277
Total liabilities								916,087
CAPITAL EXPENDITURE -	3,664	-	114	4,186	6,941	-	-	14,905
Eliminations								-
Unallocated head office capital expenditure								2,295
Total capital expenditure								17,200
DEPRECIATION -	17,579	3,691	4,629	22,128	276	28	20	48,351
Unallocated head office depreciation								7,346
Total depreciation								55,697
INTEREST EXPENSE -	-	-	-	2,407	-	-	-	2,407
Unallocated head office interest expense								13,491
Eliminations								-
Total interest expense								15,898

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5. Segment Reporting (Continued)

	2020						
	Cinema Activities						
	Carib Cinema $'000	Palace Cineplex $'000	Palace Multiplex $'000	Sunshine Palace $'000	Film Activities $'000	Screen Advertising Activities $'000	Total $'000
Revenue –							
Box office receipts	210,965	79,031	124,125	113,748	-	-	527,869
Confectionery sales	113,275	36,903	53,045	49,261	-	-	252,484
Film rental	-	-	-	-	330,245	-	330,245
Screen advertising	21,307	9,459	13,893	9,814	-	32,835	87,308
Other activities	2,090	6,349	5,962	5,647	-	-	20,048
	347,637	131,742	197,025	178,470	330,245	32,835	1,217,954
Eliminations							(298,111)
Revenue from external customers							919,843
Segment result [1]	(21,313)	978	2,643	(38,475)	55,478	21,275	20,586
Eliminations							16,877
							37,463
Segment assets[2]	156,176	35,513	100,977	541,411	116	123	834,316
Unallocated assets							203,038
Total assets							1,037,354
Segment liabilities[3]	3,228	22,341	78,920	273,150	-	-	377,639
Unallocated liabilities							257,488
Total liabilities							635,127
Other items –							
Capital expenditure	26,695	3,022	9,044	88,721	-	-	127,482
Eliminations							-
Unallocated head office capital expenditure							8,648
Total capital expenditure							136,130
Depreciation	17,871	3,564	5,402	20,277	73	19	47,206
Unallocated head office depreciation							7,733
Total depreciation							54,939
Interest expense	225	-	-	2,363	-	-	2,588
Unallocated head office interest expense							2,999
Eliminations							(116)
Total interest expense							5,471

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5. Segment Reporting (Continued)

(1) Profit/(Losses) from the reportable segments is reconciled to the Group's (losses) before taxation as follows:

	The Group	
	2021 $'000	2020 $'000
Profit/(Loss) from reportable segments	(237,600)	37,463
Unallocated income -		
Other operating income	6,621	6,883
Unallocated costs -		
Administrative expenses	(113,096)	(174,485)
Other	(825)	(787)
	(113,921)	(175,272)
Unallocated interest expense	(13,491)	(2.999)
Eliminations	-	116
	(13,491)	(2,883)
	(358,391)	(133,809)

(2) Reportable segments' assets are reconciled to the Group's total assets as follows:

	The Group	
	2021 $'000	2020 $'000
Segment assets from reportable segments	1,138,314	834,316
Unallocated assets -		
Property, plant and equipment	274,929	30,375
Investments	19,383	24,567
Deferred tax assets	0	24,449
Post-employment benefit asset	40,968	36,365
Inventories	33,359	50,624
Receivables	27,228	29,350
Cash and cash equivalents	25,023	7,308
	1,559,204	1,037,354

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5. Segment Reporting (Continued)

(3) Reportable segments' liabilities are reconciled to the Group's total liabilities as follows:

	The Group	
	2021 $'000	**2020 $'000**
Segment liabilities from reportable segments	387,810	377,639
Unallocated liabilities -		
Payables	162,871	183,477
Long term liabilities	283,875	45,550
Deferred tax liability	46,785	-
Bank overdraft	29,887	23,595
Taxation payable	4,859	4,866
	916,087	635,127

6. Other Operating Income

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Dividend income	600	1,284	-	206
Gain on sale of property, plant and equipment	98	1,865	80	1,865
Interest income	66	1,145	66	311
Management fees	-	-	1,238	16,877
Exchange gain on foreign balances	683	1,149	683	1,149
Insurance refund	3,568	-	3,568	-
Other	1,606	1,440	1,674	1,440
	6,621	6,883	7,309	21,848

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7. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and promotion	12,193	23,869	7,724	16,866
Auditors' remuneration:				
Current year	5,460	5,250	4,400	4,250
Prior year	(162)	123	128	125
Bank security and fees	946	6,420	672	4,008
Cost of inventories recognised as expense	17,304	128,127	10,942	69,459
Depreciation	55,697	54,939	38,118	37,068
Film cost	33,401	268,468	33,401	268,468
Insurance	13,359	15,593	8,578	9,842
Legal and professional fees	4,001	5,590	2,852	4,543
Licence fees	607	5,715	459	3,499
Motor vehicle expenses	3,249	5,330	3,249	5,330
Other	18,818	26,529	15,475	20,439
Repairs, maintenance and renewals	26,057	38,122	23,901	26,712
Security	8,860	23,696	6,770	13,587
Staff costs (Note 8)	111,208	265,383	92,890	211,806
Stationery and supplies	5,851	25,283	4,509	16,697
Lease interest expense	15,147	17,238	15,147	17,238
Amortization expense	67,935	61,608	67,935	61,608
Transportation and courier	1,031	2,674	691	1,805
Utilities	53,923	75,107	33,430	48,389
	454,885	1,055,064	371,271	841,739

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8. Staff Costs

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	78,486	203,121	65,524	163,482
Payroll taxes – Employer's portion	8,964	20,808	7,251	15,817
Pension (Note 15)	6,136	5,690	6,136	5,690
Other	17,622	35,764	13,979	26,817
	111,208	265,383	92,890	211,806

9. Taxation

Taxation is computed on the profit for the year adjusted for tax purposes and comprises income tax at 25%.

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current taxation	235	-	-	-
Deferred taxation (Note 14)	24,449	(34,201)	24,388	(28,873)
	24,684	(34,201)	24,388	(28,873)

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9. Taxation (Continued)

The tax on the (loss)/profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 25%, as follows:

	The Group		The Company	
	2021 **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Loss before taxation	(358,391)	(133,809)	(281,833)	(113,962)
Tax calculated at applicable tax rates	(89,598)	(33,452)	(70,458)	(28,491)
Adjusted for the effects of:				
Reversal of prior year deferred taxes	24,449	-	24,388	-
Adjustment to pension and post employment benefits	1,534	-	1,534	-
Income subject to different tax rates	-	(24)	-	(24)
Disallowed expenses	247	1	223	1
Acceleration of capital allowances	14,276	243	12,549	243
Foreign exchange adjustment	35	-	35	-
Interest payable	(15)	-	(15)	-
IFRS 16 Adjustment	(17,979)	-	(17,979)	-
Tax losses on which no deferred tax is recognised	88,538	-	74,124	-
Other	3,197	(969)	(13)	(602)
	24,684	(34,201)	24,388	(28,873)

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current liabilities and when the deferred income taxes relate to the same fiscal authority.

Subject to agreement with Tax Administration Jamaica (TAJ), losses available for offset against future profits are approximately $503,730,000. No deferred taxation has been recognised on these tax losses due to the uncertainty of future taxable profits.

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10. Net Loss and Retained Earnings Attributable to the Stockholders

	2021 $'000	2020 $'000
(a) Net loss attributable to the stockholders of the Company is dealt with as follows in the financial statements of:		
The Company	(318,089)	(85,089)
The subsidiaries	(64,918)	(14,748)
	(383,007)	(99,837)

	2021 $'000	2020 $'000
(b) (Accumulated deficit)/Retained earnings attributable to the stockholders of the Company are dealt with as follows in the financial statements of:		
The Company	(220,587)	74,897
The subsidiaries	64,584	129,502
	(156,003)	204,399

11. Earnings Per Stock Unit

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year end.

	2021	2020
Net loss attributable to stockholders ($'000)	(383,007)	(99,837)
Number of ordinary stock units ('000)	1,437	1,437
Earnings per stock unit ($ per share)	(266.53)	(69.48)

The Company has no potentially dilutive ordinary shares.

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12. Property, Plant and Equipment

	Freehold Land	Buildings	Leasehold Improvements	Equipment, Fixtures & Motor Vehicles	Work In Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost or deemed cost -						
At 30 June 2019	45,484	78,153	63,932	566,775	250,858	1,005,202
Additions	-	-	40,518	95,612	-	136130
Transfers			92,357	158,501	(250,858)	-
Disposals	-	-	-	(5,795)	-	(5,795)
At 30 June 2020	45,484	78,153	196,807	815,093	-	1,135,537
Additions	-	-	5,800	11,399	-	17,200
Revaluation	466,050	187,139	-	-	-	653,189
Disposals	-	-	-	(3,267)	-	(3,267)
At 30 June 2021	511,534	265,292	202,607	823,225	-	1,802,659
Depreciation -						
At 30 June 2019	776	40,520	63,920	447,563	-	552,779
Charge for the year	672	1,934	2,984	49,349	-	54,939
Relieved on disposal	-	-	-	(5,795)	-	(5,795)
At 30 June 2020	1,448	42,454	66,904	491,117	-	601,923
Charge for the year	672	1,934	3,377	49,714	-	55,697
Relieved on disposal	-	-	-	(1,077)	-	(1,077)
At 30 June 2021	2,120	44,388	70,281	539,754	-	656,543
Net Book Value -						
30 June 2021	509,414	220,904	132,326	283,471	-	1,146,115
30 June 2020	44,036	35,699	129,903	323,976	-	533,614

During 2021, the Group changed its accounting policy for property, plant and equipment. The revised accounting policy has resulted in land and buildings being carried at market value. The change was necessary to provide the users of the financial statements with more relevant information. As stipulated by IAS 8, Accounting Policies, Changes in Estimates and Errors, the initial application of a revised accounting policy to revalue property, plant and equipment should be dealt with as a revaluation in accordance with IAS 16, Property, Plant and Equipment. As a result, the revaluation gains were recognised in capital reserves as at the date of the accounting policy change.

Had the Group opted to restate the prior period financial statements as a result of the change in the above-mentioned accounting policy, both property, plant and equipment and capital reserves as at 30 June 2020 would have increased by $615.3 million.

The market value for land and buildings as on December 21, 2020 and May 10, 2021 was determined by D.C Tavares & Finson Realty Limited.

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12. Property, Plant and Equipment (Continued)

	Freehold Land	Buildings	Leasehold Improvements	Equipment, Fixtures & Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost or deemed cost -						
At 30 June 2019	265	800	63,932	338,394	250,858	654,249
Additions	-	-	40,518	68,917	-	109,435
Transfers	-	-	92,357	158,501	(250,858)	-
Disposals	-	-	-	(5,795)	-	(5,795)
At 30 June 2020	265	800	196,807	560,017	-	757,889
Additions	-	-	5,800	7,735	-	13,535
Revaluation	199,684	49,921	-	-	-	249,605
Disposals	-	-	-	(1,058)	-	(1,058)
At 30 June 2021	199,949	50,721	202,607	566,694	-	1,019,971
Depreciation -						
At 30 June 2019	-	354	63,920	281,151	-	345,425
Charge for the year	-	-	2,984	34,084	-	37,068
Relieved on disposal	-	-	-	(5,795)	-	(5,795)
At 30 June 2020	-	354	66,904	309,440	-	376,698
Charge for the year	-	-	3,377	34,741	-	38,118
Relieved on disposal	-	-	-	(1,059)	-	(1,059)
At 30 June 2021	-	354	70,281	343,122	-	413,757
Net Book Value -						
30 June 2021	199,949	50,367	132,326	223,572	-	606,214
30 June 2020	265	446	129,903	250,577	-	381,191

Had the Company opted to restate the prior period financial statements as a result of the change in the above-mentioned accounting policy, both property, plant and equipment and capital reserves as at 30 June 2020 would have increased by $248.5 million.

The net book value for motor vehicles at the reporting date is $9,182,000 for the Group and Company.

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13. Investments

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Quoted equities – at fair value through OCI	19,383	24,567	-	11,741
Unquoted – Subsidiaries, at cost:				
Cinema Company of Jamaica Limited				
56,101 Ordinary shares	-	-	272	272
Harbour View Cinema Company Limited				
133,998 Ordinary shares	-	-	68	68
Tropical Cinema Company Limited				
116,296 Ordinary shares	-	-	145	145
	19,383	24,567	485	12,226

14. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at beginning of year	24,449	(9,690)	24,388	(4,423)
(Charged)/Credited to profit or loss (Note 9)	(24,449)	34,201	(24,388)	28,873
Charged to other comprehensive income	(46,785)	(62)	(12,480)	(62)
Balance at end of year	(46,785)	(24,449)	(12,480)	24,388

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14. Deferred Income Taxes (Continued)

Deferred taxation includes the following, prior to offsetting of balances:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets to be recovered after more than 12 months	-	37,737	-	33,540
Deferred tax liabilities to be settled after more than 12 months	(46,785)	(13,227)	(12,480)	(9,091)

Deferred taxation is due to the following temporary differences:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Tax losses carry forwards	-	35,084	-	30,887
Unrealised foreign exchange gains	-	(60)	-	(60)
(Accelerated)/decelerated capital allowances	-	(1,484)	-	2,652
Pension surplus	-	(9,091)	-	(9,091)
Revaluation of property, plant and equipment	(46,785)	-	(12,480)	-
	(46,785)	24,449	(12,480)	24,388

Deferred taxation (charged)/credited to profit or loss and other comprehensive income comprises the following temporary differences:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Profit or loss –				
Tax losses carry forwards/(reversal)	(24,449)	35,084	(24,388)	30,887
Unrealised foreign exchange gains	-	(18)	-	(18)
Accelerated capital allowances	-	(1,273)	-	(2,404)
Pension surplus	-	408	-	408
	(24,449)	34,201	(24,388)	28,873
Other comprehensive income –				
Revaluation of property, plant & equipment	(46,785)	-	(12,480)	-
Pension surplus	-	(62)	-	(62)
	(71,234)	34,139	(36,868)	28,811

14. Deferred Income Taxes (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable periods is probable. Subject to agreement with Tax Administration Jamaica, losses of approximately $503,730,000 for the Group and 428,016,000 for the Company (2020 – $141,806,000 and 123,550,000, respectively) are available for set off against future profits and may be carried forward indefinitely.

No deferred tax assets have been recognised on tax losses carried forward as there is doubt that taxable profits in the foreseeable future will be available against which the temporary differences can be utilised.

Deferred income tax liabilities have not been provided for withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested and will be tax free if distributed. Such undistributed earnings totalled 87,309,000 (2020 - $152,228,000).

15. Post-employment Benefit Asset

The amounts recognised in the statement of financial position are determined as follows:

	The Group and Company	
	2021 $'000	2020 $'000
Present value of funded obligations		
Head office employees' pension plan	(267,186)	(271,802)
Cinema employees' pension plan	(88,155)	(83,026)
	(355,341)	(354,828)
Fair value of plan assets:		
Head office employees' pension plan	285,946	286,946
Cinema employees' pension plan	111,538	110,683
	397,484	397,629
Limitation of asset due to uncertainty of obtaining economic benefits in Cinema employees' plan	(1,175)	(6,436)
Asset in the statement of financial position	40,968	36,365

Head office employees' pension plan
The Company participates in a defined benefit plan, which is open to all permanent head office employees and administered for The Palace Amusement Company (1921) Limited by Sagicor Life Jamaica Limited. Retirement benefits are based on the average annual earnings in the last three years to retirement, and death benefits on members' accumulated contribution.

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15. Post-employment Benefit Asset (Continued)

Cinema employees' pension plan

The Company participates in a defined benefit plan which is open to all permanent cinema employees and administered by Sagicor Life Jamaica Limited. Retirement benefits are based on the average annual earnings in the last three years to retirement, and death benefits on members' accumulated contribution.

The plans are valued annually by internal actuaries using the Projected Unit Credit Method. The latest actuarial valuation was done as at 30 June 2021.

The movement in the present value of funded obligations over the year is as follows:

	Head office employees' pension plan		**Cinema employees' pension plan**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	271,802	280,527	83,026	77,106
Current service cost	7,416	7,140	1,798	1,650
Interest cost	20,407	18,882	6,269	5,233
	299,625	306,549	91,093	83,989
Re-measurements -				
Gains from change in financial assumptions	(31,539)	(35,478)	(7,273)	(7,266)
Experience losses	20,980	11,939	10,720	7,901
	289,066	283,010	94,540	84,624
Members' contributions	3,452	7,022	834	2,249
Benefits paid	(40,233)	(30,606)	(9,222)	(3,847)
Purchased annuities	14,901	12,376	2,003	-
Balance at end of year	267,186	271,802	88,155	83,026

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15. Post-employment Benefit Asset (Continued)

The movement in the fair value of plan assets during the year is as follows:

	Head office employees' pension plan		Cinema employees' pension plan	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at beginning of year	286,946	298,491	110,683	116,689
Interest income	21,754	20,471	8,515	8,130
Re-measurements -				
Return on plan assets, excluding amounts included in interest income	(875)	(23,425)	(1,276)	(13,978)
Members' contributions	3,452	7,022	834	2,249
Employers' contributions	1	2,617	1	1,440
Benefits paid	(40,233)	(30,606)	(9,222)	(3,847)
Purchased annuities	14,901	12,376	2,003	-
Balance at end of year	285,946	286,946	111,538	110,683

The movement on the asset ceiling during the year is as follows:

	Head office employees' pension plan		Cinema employees' pension plan	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Balance at beginning of year	-	-	6,436	19,798
Interest on asset	-	-	515	1,386
Change in asset ceiling, excluding amounts included in interest expense	-	-	(5,776)	(14,748)
Balance at end of year	-	-	1,175	6,436

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15. Post-employment Benefit Asset (Continued)

The amounts recognised in profit or loss are as follows:

	Head office employees' pension plan		Cinema employees' pension plan	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current service cost	7,416	7,140	1,798	1,650
Interest cost	20,407	18,882	6,269	5,233
Interest income on plan assets	(21,754)	(20,471)	(8,515)	(8,130)
Interest on effect of asset ceiling	-	-	515	1,386
Total included in staff costs	6,069	5,551	67	139

The distribution of plan assets in respect of each plan was as follows:

	Head office employees pension plan				Cinema employees pension plan			
	2021		2020		2021		2020	
	$'000	%	$'000	%	$'000	%	$'000	%
Pooled investment funds –								
Equity Fund	76,146	26	73,998	26	36,269	33	34,481	31
International Equity Fund	6,27[illegible]	2	4,844	2	5,469	5	4,012	4
Mortgage and Real Estate Fund	10,309	4	20,731	7	13,707	12	15,581	14
Fixed Income Fund	55,091	19	56,623	20	15,455	14	18,537	17
Global Market Funds	13,741	5	12,613	4	4,838	4	4,220	4
Money Market Fund	3,357	1	3,140	1	1	-	1	-
Foreign Currency Fund	33,243	12	39,559	14	20,955	19	20,225	18
CPI- Indexed	13,498	5	11,256	4	1,123	1	1,126	1
Purchased annuities	74,006	26	63,598	22	14,760	13	13,390	12
Other	279	-	584	-	(1,039)	(1)	(890)	(1)
	285,946	100	286,946	100	111,538	100	110,683	100

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15. Post-employment Benefit Asset (Continued)

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to the post-employment plan for the year ending 30 June 2021 are $2,883,000 for cinema employees and $5,826,000 for head office employees. The actual return on the plan assets was $9,682,000 and $20,879,000 for cinema and head office employees respectively (2020 – ($3,716,000) and ($2,965,000) respectively).

Movements in the amounts recognised in the statement of financial position:

	Head office employees' pension plan		Cinema employees' pension plan	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Asset at beginning of year	15,144	17,964	21,221	19,785
Amounts recognised in the income statement	(6,069)	(5,551)	(67)	(139)
Remeasurements recognised in OCI	9,684	114	1,053	135
Contributions paid	1	2,617	1	1,440
Asset at end of year	18,760	15,144	22,208	21,221

Taxation in relation to the remeasurements recognised in OCI is disclosed in note 14.

The principal actuarial assumptions used were as follows:

	Head office employees' pension plan		Cinema employees' pension plan	
	2021	**2020**	**2021**	**2020**
J$ Discount rate	9.00%	8.0%	9.00%	8.0%
US$ Discount rate	5.50%	5.5%	5.50%	5.5%
Inflation rate	5.50%	4.0%	5.50%	4.0%
Future salary increases	7.50%	6.0%	5.50%	4.0%
Future pension increases	-	-	2.75%	2.0%

Mortality assumptions are based on the American 1994 Group Annuitant Mortality (GAM94) table.

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15. Post-employment Benefit Asset (Continued)

Plan risks

Through its defined benefit pension plans, the Group is exposed to a number of risks. The Group does not use derivatives to manage its plan risks. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds. The Group has not changed the processes used to manage its risks from previous periods.

The most significant of these plan risks are detailed below:

(i) Investment risk

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform in this yield, this will create a deficit.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term assets with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

(ii) Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plans' liabilities, although this will be partially offset by an increase in the return on plans' assets which are linked to debt investments.

(iii) Salary risk

The present value of the plans' liabilities is calculated with reference to the future salaries of members. Therefore, an increase in the salary of members will increase the plans' liabilities.

(iv) Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the members, so increases in life expectancy will result in an increase in the plans' liabilities.

15. Post-employment Benefit Asset (Continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Head office employees

	Impact on post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(26,452)	33,956
Future salary increases	1%	18,524	(15,990)
Future pension increases	1%	18,429	(16,285)
Life expectancy	1 year	1,920	(1,990)

Cinema employees

	Impact on post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(8,547)	11,190
Future salary increases	1%	4,678	(3,985)
Future pension increase	1%	8,852	(7,583)
Life expectancy	1 year	871	(891)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

16. Due from/to Subsidiary Companies

This represents the year end balance arising mainly from the Group's centralised treasury function. The subsidiaries conduct all transactions through their current accounts with the Company. No interest is charged on these balances.

17. Inventories

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Confectionery and snacks	12,629	32,472	10,995	29,400
General stores	23,920	29,480	23,920	29,480
Goods in transit	364	183	364	183
	36,913	62,135	35,279	59,063

18. Receivables

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables	7,932	9,434	7,932	9,434
Provision for doubtful debts	(1,414)	(1,414)	(1,414)	(1,414)
	6,518	8,020	6,518	8,020
Prepayments	1,450	3,744	1,007	3,237
Other	19,885	18,229	18,138	17,015
	27,853	29,993	25,663	28,272

19. Cash and Cash Equivalents

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash at bank and in hand	25,656	7,482	25,396	7,445
Bank overdraft	(29,887)	(23,595)	(29,887)	(23,595)
Cash and cash equivalents	(4,231)	(16,113)	(4,491)	(16,150)

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20. Payables

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	80,579	80,598	80,579	80,573
Accruals and other payables	202,772	106,107	192,161	95,337
	283,351	186,705	272,740	175,910

21. Borrowings

(a) Bank overdraft

In the event that there is an overdraft balance with the bank, the Group and Company have bank overdraft facilities totalling 26,437,000 (2020 - $25,072,000) which attract interest at 9% (2020 – 9%) per annum.

(b) Financial Covenants

The bank requires maintenance of a minimum Debt- Service Coverage and Total Debt to Tangible Net Worth (TNW) ratios. As at year end, the Group did not meet these covenants. The Company received a bank waiver letter for a period of one year for the breach of these covenant from the financial institution. for the year ended 30 June 2021.

(c) Long term liabilities

	The Group and Company	
	2021	**2020**
	$'000	**$'000**
Bank of Nova Scotia Jamaica Limited -		
Non-revolving term loan (i)	-	8,773
Non-revolving term loan (ii)	-	46,667
Non-revolving loan (iii)	225,640	36,777
Director's Loan	58,235	-
	283,875	92,217
Less: Current portion	(28,727)	(11,880)
	255,148	80,337

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21. Borrowings (Continued)

(c) Long term liabilities (continued)

(i) This loan was obtained in June 2017. The loan incurred interest at a rate of 9% and was repayable in December 2022. The Cinema Company of Jamaica Limited, a wholly owned subsidiary, had provided an unlimited guarantee in respect of this loan. This guarantee was supported by a first legal mortgage over the Carib Cinema. The loan was also secured by assignment of peril insurance in respect of the Carib cinema, at full market value. The loan was fully repaid during the year

(ii) This loan was obtained in August 2019. The loan incurred interest at a rate of 7% and was repayable in January 2023. The Cinema Company of Jamaica Limited, a wholly owned subsidiary, had provided an unlimited guarantee in respect of this loan. This guarantee was supported by a first legal mortgage over the Carib Cinema. The loan was also secured by assignment of peril insurance in respect of the Carib cinema, at full market value. The loan was fully repaid during the year

(iii) This loan was obtained in May 2020, with $170.2 million being funds received for COVID measures and the amount from part (i) of $8.7 million and part (ii) of $46.7 million were rolled into one facility. These promissory notes were obtained during the financial year. The loans incur an interest rate of 7% per annum and is repayable in February 2027.

22. Share Capital

	2021 $'000	2020 $'000
Authorised -		
1,500,000 ordinary shares		
Issued and fully paid –		
1,437,028 stock units of no par value	1,437	1,437

23. Capital Reserve

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Unrealised surplus on assets carried at deemed cost	1727	1,727	1,373	1,373
Realised capital gains	163,868	163,868	146,992	146,992
Reserve on valuation of property, plant and equipment	653,189	-	249,605	-
Other	389	389	-	-
	819,173	165,984	397,970	148,365

24. Fair Value Reserve

This represents the unrealised surplus on revaluation of investments carried at FVOCI.

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25. Cash Flows from Operating Activities

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Net loss	(383,075)	(99,608)	(318,089)	(85,089)
Items not affecting cash resources:				
Depreciation	55,697	54,939	38,118	37,068
Gain on sale of property, plant and equipment	(98)	(1,865)	(80)	(1,865)
Interest income	(66)	(1,145)	(66)	(311)
Dividend income	(600)	(1,284)	-	(206)
Exchange gain on foreign balances	(683)	(1,149)	(683)	(1,149)
Interest expense	15,898	5,471	15,898	5,362
Lease interest expense	15,147	17,238	15,147	17,238
Amortisation expense	67,935	61,608	67,935	61,608
Taxation	24,684	(34,201)	24,388	(28,873)
	(205,161)	4	(157,432)	3,783
Changes in operating assets and liabilities:				
Inventories	25,222	(633)	23,784	(1,144)
Receivables	2,752	19,515	3,221	19,177
Post-employment benefit assets	6,134	1,633	6,134	1,633
Due from subsidiaries	-	-	(48,189)	(43,846)
Payables	96,582	18,610	96,767	33,819
	(74,471)	39,129	(75,715)	13,422
Taxation paid	(234)	(3,605)	-	(1,603)
Cash (used in)/provided by operating activities	(74,705)	35,524	(75,715)	11,819

The Palace Amusement Company (1921) Limited
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26. Related Party Transactions and Balances

(a) Purchases of services
Film rental charged by the parent company for the year amounted to $10,622,000 (2020 - $131,559,000) respectively. Trade payables include $67,110,000 (2020 – $69,919,000) due to the parent company in respect of these expenses.

(b) Key management compensation

	2021 $'000	2020 $'000
Wages and salaries	28,953	53,766
Payroll taxes – Employer's portion	1,876	3,178
Pension	-	1,175
Other	5,994	6,230
	36,823	64,349
Directors' emoluments –		
Fees	-	1,530
Management remuneration (included above)	19,028	32,501

(c) Transactions between the Company and its subsidiaries
During the year, the Company earned management fees of $1,238,000 (2020 – $16,877,000), film revenue of $9,126,000 (2020 – $126,235,000) and screen advertising administrative fees of $2,903,000 (2020 - $12,850,000) from a subsidiary.

(d) Year end balances arising from transactions with related parties

	2021 $'000	2020 $'000
Receivables -		
Subsidiary companies	79,857	32,408
Payables -		
Subsidiary companies	43,488	44,227

(e) Guarantees
The Cinema Company of Jamaica Limited has provided an unlimited guarantee in respect of the Bank of Nova Scotia Jamaica Limited loans (Note 21. The guarantee is secured by a first legal mortgage over the Carib cinema building.

27. Contingent Liabilities

At 30 June 2021, the Group and Company were contingently liable in respect of letters of credit issued to third parties in the ordinary course of business totalling $10,578,000 (2020 - $9,578,000). The Group and Company were also contingently liable for credit cards totalling $4,485,000 (2020 - $6,850,000).

The Palace Amusement Company (1921) Limited

28. Leases

The Company operates certain cinemas from leased premises and the minimum lease commitments under non-cancellable operating leases through to their expiry are:

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the statement of financial position

	The Group and Company	
	30 June 2021 $'000	**1 July 2020 $'000**
Right-of-use assets		
Theatre buildings	262,316	318,749
Lease liabilities		
Current	67,920	71,944
Non-current	199,410	255,800
	267,330	327,744

The right-of-use assets in the statement of financial position relate to rental of commercial spaces leased for the theatre operations.

(b) Amounts recognised in the statement of profit or loss IFRS16

The Group and Company's Statement of Comprehensive Income shows amortization expense of $67,935,000 (2020 - $61,608,000) for right-of-use assets and interest expense relating to leases of $15,147,000 (2020 - $17,238,000).

29. Subsequent Events

Subsequent to the year end, the Company acquired a loan in the amount of six hundred and fifty three million dollars ($653,000,000) from Victoria Mutual Investments Limited. This loan was acquired for the purposes of providing working capital support to the Company as a result of the diminished earnings from the pandemic. The loan is repayable over a five (5) year period and has a moratorium on principal repayment for a period of two (2) years – with the interest amounts for that period, covered in the funds borrowed.